

Union Calendar No. 203

117TH CONGRESS
2D SESSION

H. R. 3617

[Report No. 117-276, Part I]

To decriminalize and deschedule cannabis, to provide for reinvestment in certain persons adversely impacted by the War on Drugs, to provide for expungement of certain cannabis offenses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 2021

Mr. NADLER (for himself, Ms. LEE of California, Mr. BLUMENAUER, Ms. JACKSON LEE, Mr. JEFFRIES, and Ms. VELÁZQUEZ) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Agriculture, Education and Labor, Ways and Means, Small Business, Natural Resources, Oversight and Reform, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MARCH 24, 2022

Additional sponsors: Ms. DEAN, Ms. LOFGREN, Mr. COHEN, Mr. JOHNSON of Georgia, Mr. DEUTCH, Mr. SWALWELL, Mr. LIEU, Mr. RASKIN, Ms. JAYAPAL, Mr. CORREA, Ms. SCANLON, Mr. NEGUSE, Ms. ESCOBAR, Mr. JONES, Ms. BUSH, Mr. MCGOVERN, Ms. STRICKLAND, Mr. MICHAEL F. DOYLE of Pennsylvania, Mr. POCAN, Mr. PERLMUTTER, Mrs. CAROLYN B. MALONEY of New York, Mr. PAYNE, Ms. NORTON, Mr. SMITH of Washington, Mrs. LAWRENCE, Mr. ESPAILLAT, Ms. DELBENE, Ms. TITUS, Mr. BRENDAN F. BOYLE of Pennsylvania, Ms. SCHAKOWSKY, Ms. WILLIAMS of Georgia, Ms. DEGETTE, Ms. OMAR, Mr. GRIJALVA, Ms. NEWMAN, Mr. WELCH, Mrs. HAYES, Mr. RUSH, Ms. BONAMICI, Mr. HUFFMAN, Ms. PRESSLEY, Mr. CARBAJAL, Mr. TONKO, Ms. CASTOR of Florida, Ms. CRAIG, Mrs. LURIA, Mr. BEYER, Mr. LOWENTHAL, Ms. STANSBURY, Mr. KILDEE, Mr. KAHELE, Mr. MOULTON, Ms. MCCOLLUM, Mr. SCOTT of Virginia, Mr. GALLEG0, Mr. CÁRDENAS, Mr. GARCÍA of Illinois, Mr. TORRES of New York, Ms. LEGER FERNANDEZ, Mr. SHERMAN, Mr. LEVIN of California, Mr. TAKANO, Mrs. KIRKPATRICK, Ms.

CLARK of Massachusetts, Mr. DANNY K. DAVIS of Illinois, Mr. GAETZ, Ms. MENG, Mr. LARSON of Connecticut, Mrs. WATSON COLEMAN, Mr. CICILLINE, Mr. FOSTER, Ms. OCASIO-CORTEZ, Mr. EVANS, Mr. PHILLIPS, Mr. MORELLE, Mr. COURTNEY, Mr. CASTRO of Texas, Mr. BROWN of Maryland, Ms. WATERS, Ms. WILSON of Florida, Mr. BUTTERFIELD, Mr. TRONE, Mr. DOGGETT, Mr. CARTER of Louisiana, Mr. KHANNA, Mr. PRICE of North Carolina, Mr. CRIST, Mr. VEASEY, Ms. TLAIB, Mrs. TRAHAN, Mr. CONNOLLY, Mr. DAVID SCOTT of Georgia, Mr. GOMEZ, Mr. PETERS, Mr. BOWMAN, Mr. HORSFORD, Mr. DEFazio, Mr. CROW, Ms. ADAMS, Mr. GREEN of Texas, Ms. BOURDEAUX, Ms. BROWN of Ohio, Mr. AGUILAR, Mr. RYAN, Mr. PANETTA, Mr. MEEKS, Mr. LEVIN of Michigan, Ms. PINGREE, and Mr. CLEAVER

MARCH 24, 2022

Reported from the Committee on the Judiciary with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

MARCH 24, 2022

Committees on Energy and Commerce, Agriculture, Education and Labor, Ways and Means, Small Business, Natural Resources, Oversight and Reform, and Transportation and Infrastructure discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on May 28, 2021]

A BILL

To decriminalize and deschedule cannabis, to provide for reinvestment in certain persons adversely impacted by the War on Drugs, to provide for expungement of certain cannabis offenses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Marijuana Opportunity*
5 *Reinvestment and Expungement Act” or the “MORE Act”.*

6 **SEC. 2. FINDINGS.**

7 *The Congress finds as follows:*

8 (1) *The communities that have been most*
9 *harmed by cannabis prohibition are benefiting the*
10 *least from the legal marijuana marketplace.*

11 (2) *A legacy of racial and ethnic injustices, com-*
12 *pounded by the disproportionate collateral con-*
13 *sequences of 80 years of cannabis prohibition enforce-*
14 *ment, now limits participation in the industry.*

15 (3) *37 States, the District of Columbia, Puerto*
16 *Rico, Guam, and the U.S. Virgin Islands have adopt-*
17 *ed laws allowing legal access to cannabis, and 15*
18 *States, the District of Columbia, the Commonwealth*
19 *of the Northern Mariana Islands, and Guam have*
20 *adopted laws legalizing cannabis for adult rec-*
21 *reational use.*

22 (4) *A total of 47 States have reformed their laws*
23 *pertaining to cannabis despite the Schedule I status*
24 *of marijuana and its Federal criminalization.*

1 (5) *Legal cannabis sales totaled \$20,000,000,000*
2 *in 2020 and are projected to reach \$40,500,000,000*
3 *by 2025.*

4 (6) *According to the American Civil Liberties*
5 *Union (ACLU), enforcing cannabis prohibition laws*
6 *costs taxpayers approximately \$3.6 billion a year.*

7 (7) *The continued enforcement of cannabis prohi-*
8 *bition laws results in over 600,000 arrests annually,*
9 *disproportionately impacting people of color who are*
10 *almost 4 times more likely to be arrested for cannabis*
11 *possession than their White counterparts, despite*
12 *equal rates of use across populations.*

13 (8) *People of color have been historically targeted*
14 *by discriminatory sentencing practices resulting in*
15 *Black men receiving drug sentences that are 13.1 per-*
16 *cent longer than sentences imposed for White men and*
17 *Latinos being nearly 6.5 times more likely to receive*
18 *a Federal sentence for cannabis possession than non-*
19 *Hispanic Whites.*

20 (9) *In 2013, simple cannabis possession was the*
21 *fourth most common cause of deportation for any of-*
22 *fense and the most common cause of deportation for*
23 *drug law violations.*

1 (10) *Fewer than one-fifth of cannabis business*
2 *owners identify as minorities and only approximately*
3 *4 percent are black.*

4 (11) *Applicants for cannabis licenses are limited*
5 *by numerous laws, regulations, and exorbitant permit*
6 *applications, licensing fees, and costs in these States,*
7 *which can require more than \$700,000.*

8 (12) *Historically disproportionate arrest and*
9 *conviction rates make it particularly difficult for peo-*
10 *ple of color to enter the legal cannabis marketplace,*
11 *as most States bar these individuals from partici-*
12 *pating.*

13 (13) *Federal law severely limits access to loans*
14 *and capital for cannabis businesses, disproportion-*
15 *ately impacting minority small business owners.*

16 (14) *Some States and municipalities have taken*
17 *proactive steps to mitigate inequalities in the legal*
18 *cannabis marketplace and ensure equal participation*
19 *in the industry.*

20 **SEC. 3. DECRIMINALIZATION OF CANNABIS.**

21 (a) *CANNABIS REMOVED FROM SCHEDULE OF CON-*
22 *TROLLED SUBSTANCES.—*

23 (1) *REMOVAL IN STATUTE.—Subsection (c) of*
24 *schedule I of section 202(c) of the Controlled Sub-*
25 *stances Act (21 U.S.C. 812) is amended—*

1 (A) by striking “(10) Marihuana.”; and

2 (B) by striking “(17)
3 Tetrahydrocannabinols, except for
4 tetrahydrocannabinols in hemp (as defined
5 under section 297A of the Agricultural Mar-
6 keting Act of 1946).”.

7 (2) REMOVAL FROM SCHEDULE.—Not later than
8 180 days after the date of the enactment of this Act,
9 the Attorney General shall finalize a rulemaking
10 under section 201(a)(2) removing marihuana and
11 tetrahydrocannabinols from the schedules of controlled
12 substances. For the purposes of the Controlled Sub-
13 stances Act, marihuana and tetrahydrocannabinols
14 shall each be deemed to be a drug or other substance
15 that does not meet the requirements for inclusion in
16 any schedule. A rulemaking under this paragraph
17 shall be considered to have taken effect as of the date
18 of enactment of this Act for purposes of any offense
19 committed, case pending, conviction entered, and, in
20 the case of a juvenile, any offense committed, case
21 pending, and adjudication of juvenile delinquency en-
22 tered before, on, or after the date of enactment of this
23 Act.

1 (b) *CONFORMING AMENDMENTS TO CONTROLLED SUB-*
 2 *STANCES ACT.—The Controlled Substances Act (21 U.S.C.*
 3 *801 et seq.) is amended—*

4 (1) *in section 102(44) (21 U.S.C. 802(44)), by*
 5 *striking “marihuana,”;*

6 (2) *in section 401(b) (21 U.S.C. 841(b))—*

7 (A) *in paragraph (1)—*

8 (i) *in subparagraph (A)—*

9 (I) *in clause (vi), by inserting*
 10 *“or” after the semicolon;*

11 (II) *by striking clause (vii); and*

12 (III) *by redesignating clause*
 13 *(viii) as clause (vii);*

14 (ii) *in subparagraph (B)—*

15 (I) *in clause (vi), by inserting*
 16 *“or” after the semicolon;*

17 (II) *by striking clause (vii); and*

18 (III) *by redesignating clause*
 19 *(viii) as clause (vii);*

20 (iii) *in subparagraph (C), in the first*
 21 *sentence, by striking “subparagraphs (A),*
 22 *(B), and (D)” and inserting “subpara-*
 23 *graphs (A) and (B)”;*

24 (iv) *by striking subparagraph (D);*

1 (v) by redesignating subparagraph (E)
 2 as subparagraph (D); and
 3 (vi) in subparagraph (D)(i), as so re-
 4 designated, by striking “subparagraphs (C)
 5 and (D)” and inserting “subparagraph
 6 (C)”;
 7 (B) by striking paragraph (4); and
 8 (C) by redesignating paragraphs (5), (6),
 9 and (7) as paragraphs (4), (5), and (6), respec-
 10 tively;
 11 (3) in section 402(c)(2)(B) (21 U.S.C.
 12 842(c)(2)(B)), by striking “, marihuana,”;
 13 (4) in section 403(d)(1) (21 U.S.C. 843(d)(1)),
 14 by striking “, marihuana,”;
 15 (5) in section 418(a) (21 U.S.C. 859(a)), by
 16 striking the last sentence;
 17 (6) in section 419(a) (21 U.S.C. 860(a)), by
 18 striking the last sentence;
 19 (7) in section 422(d) (21 U.S.C. 863(d))—
 20 (A) in the matter preceding paragraph (1),
 21 by striking “marijuana,”; and
 22 (B) in paragraph (5), by striking “, such as
 23 a marihuana cigarette,”; and

(8) in section 516(d) (21 U.S.C. 886(d)), by striking “section 401(b)(6)” each place the term appears and inserting “section 401(b)(5)”.

(c) *OTHER CONFORMING AMENDMENTS.*—

(1) *NATIONAL FOREST SYSTEM DRUG CONTROL ACT OF 1986.*—*The National Forest System Drug Control Act of 1986 (16 U.S.C. 559b et seq.) is amended—*

(A) in section 15002(a) (16 U.S.C. 559b(a)) by striking “marijuana and other”;

(B) in section 15003(2) (16 U.S.C. 559c(2)) by striking “marijuana and other”; and

(C) in section 15004(2) (16 U.S.C. 559d(2)) by striking “marijuana and other”.

(2) *INTERCEPTION OF COMMUNICATIONS.*—*Section 2516 of title 18, United States Code, is amended—*

(A) in subsection (1)(e), by striking “marijuana,”; and

(B) in subsection (2) by striking “marijuana”.

(3) *FMCSA PROVISIONS.*—

(A) *CONFORMING AMENDMENT.*—*Section 31301(5) of title 49, United States Code, is amended by striking “section 31306,” and in-*

1 serting “sections 31306, 31306a, and subsections
2 (b) and (c) of section 31310.”.

3 (B) *DEFINITION.*—Section 31306(a) of title
4 49, United States Code, is amended—

5 (i) by striking “means any substance”
6 and inserting the following: “means—
7 “(A) any substance”; and

8 (ii) by striking the period at the end
9 and inserting “; and
10 “(B) any substance not covered under sub-
11 paragraph (A) that was a substance under such
12 section as of December 1, 2018, and specified by
13 the Secretary of Transportation.”.

14 (C) *DISQUALIFICATIONS.*—Section 31310(b)
15 of title 49, United States Code, is amended by
16 adding at the end the following:

17 “(3) In this subsection and subsection (c), the term
18 ‘controlled substance’ has the meaning given such term in
19 section 31306(a).”.

20 (4) *FAA PROVISIONS.*—Section 45101 of title 49,
21 United States Code, is amended—

22 (A) by striking “means any substance” and
23 inserting the following: “means—
24 “(A) any substance”; and

1 (B) by striking the period at the end and
2 inserting “; and

3 “(B) any substance not covered under sub-
4 paragraph (A) that was a substance under such
5 section as of December 1, 2018, and specified by
6 the Secretary of Transportation.”.

7 (5) *FRA PROVISIONS*.—Section 20140(a) of title
8 49, *United States Code*, is amended—

9 (A) by striking “means any substance” and
10 inserting the following: “means—

11 “(A) any substance”; and

12 (B) by striking the period at the end and
13 inserting “; and

14 “(B) any substance not covered under sub-
15 paragraph (A) that was a substance under such
16 section as of December 1, 2018, and specified by
17 the Secretary of Transportation.”.

18 (6) *FTA PROVISIONS*.—Section 5331(a)(1) of
19 title 49, *United States Code*, is amended—

20 (A) by striking “means any substance” and
21 inserting the following: “means—

22 “(A) any substance”; and

23 (B) by striking the period at the end and
24 inserting “; and

1 “(B) any substance not covered under sub-
2 paragraph (A) that was a substance under such
3 section as of December 1, 2018, and whose use
4 the Secretary of Transportation decides has a
5 risk to transportation safety.”.

6 (d) *RETROACTIVITY*.—The amendments made by this
7 section to the Controlled Substances Act (21 U.S.C. 801 et
8 seq.) are retroactive and shall apply to any offense com-
9 mitted, case pending, conviction entered, and, in the case
10 of a juvenile, any offense committed, case pending, or adju-
11 dication of juvenile delinquency entered before, on, or after
12 the date of enactment of this Act.

13 (e) *EFFECT ON OTHER LAW*.—Nothing in this subtitle
14 shall affect or modify—

15 (1) the Federal Food, Drug, and Cosmetic Act
16 (21 U.S.C. 301 et seq.);

17 (2) section 351 of the Public Health Service Act
18 (42 U.S.C. 262); or

19 (3) the authority of the Commissioner of Food
20 and Drugs and the Secretary of Health and Human
21 Services—

22 (A) under—

23 (i) the Federal Food, Drug, and Cos-
24 metic Act (21 U.S. 301 et seq.); or

1 (ii) section 351 of the Public Health
2 Service Act (42 U.S.C. 262); or

3 (B) to promulgate Federal regulations and
4 guidelines that relate to products containing
5 cannabis or cannabis-derived compounds under
6 the Act described in subparagraph (A)(i) or the
7 section described in subparagraph (A)(ii).

8 (f) *PUBLIC MEETINGS*.—Not later than one year after
9 the date of enactment of this Act, the Secretary of Health
10 and Human Services, acting through the Commissioner of
11 Food and Drugs, shall hold not less than one public meeting
12 to address the regulation, safety, manufacturing, product
13 quality, marketing, labeling, and sale of products con-
14 taining cannabis or cannabis-derived compounds.

15 (g) *SPECIAL RULE FOR FEDERAL EMPLOYEE TEST-*
16 *ING*.—Section 503 of the Supplemental Appropriations Act,
17 1987 (5 U.S.C. 7301 note) is amended by adding at the
18 end the following:

19 “(h) *MARIJUANA*.—

20 “(1) *CONTINUED TESTING*.—Notwithstanding the
21 *Marijuana Opportunity Reinvestment and*
22 *Expungement Act and the amendments made thereby,*
23 *the Secretary of Health and Human Services may*
24 *continue to include marijuana for purposes of drug*
25 *testing of Federal employees subject to this section,*

1 *Executive Order 12564, or other applicable Federal*
2 *laws and orders.*

3 “(2) *DEFINITION.*—*The term ‘marijuana’ has the*
4 *meaning given to the term ‘marihuana’ in section 102*
5 *of the Controlled Substances Act (21 6 U.S.C. 802) on*
6 *the day before the date of enactment of the Marijuana*
7 *Opportunity Reinvestment and Expungement Act.’”.*

8 *(h) SPECIAL RULE FOR CERTAIN REGULATIONS.*—

9 *(1) IN GENERAL.*—*The amendments made by*
10 *this section may not be construed to abridge the au-*
11 *thority of the Secretary of Transportation, or the Sec-*
12 *retary of the department in which the Coast Guard*
13 *is operating, to regulate and screen for the use of a*
14 *controlled substance.*

15 *(2) CONTROLLED SUBSTANCE DEFINED.*—*In this*
16 *subsection, the term “controlled substance” means—*

17 *(A) any substance covered under section 102*
18 *of the Controlled Substances Act (21 U.S.C. 802)*
19 *on the day before the date of enactment of this*
20 *Act; and*

21 *(B) any substance not covered under sub-*
22 *paragraph (A) that was a substance covered*
23 *under section 102 of the Controlled Substances*
24 *Act (21 U.S.C. 802) on December 1, 2018, and*
25 *specified by the Secretary of Transportation.*

1 **SEC. 4. DEMOGRAPHIC DATA OF CANNABIS BUSINESS OWN-**
2 **ERS AND EMPLOYEES.**

3 (a) *IN GENERAL.*—*The Bureau of Labor Statistics*
4 *shall regularly compile, maintain, and make public data*
5 *on the demographics of—*

6 (1) *individuals who are business owners in the*
7 *cannabis industry; and*

8 (2) *individuals who are employed in the can-*
9 *nabis industry.*

10 (b) *DEMOGRAPHIC DATA.*—*The data collected under*
11 *subsection (a) shall include data regarding—*

12 (1) *age;*

13 (2) *certifications and licenses;*

14 (3) *disability status;*

15 (4) *educational attainment;*

16 (5) *family and marital status;*

17 (6) *nativity;*

18 (7) *race and Hispanic ethnicity;*

19 (8) *school enrollment;*

20 (9) *veteran status; and*

21 (10) *sex.*

22 (c) *CONFIDENTIALITY.*—*The name, address, and other*
23 *identifying information of individuals employed in the can-*
24 *nabis industry shall be kept confidential by the Bureau and*
25 *not be made available to the public.*

26 (d) *DEFINITIONS.*—*In this section:*

1 (1) *CANNABIS*.—The term “cannabis” means ei-
 2 ther marijuana or cannabis as defined under the
 3 State law authorizing the sale or use of cannabis in
 4 which the individual or entity is located.

5 (2) *CANNABIS INDUSTRY*.—The term “cannabis
 6 industry” means an individual or entity that is li-
 7 censed or permitted under a State or local law to en-
 8 gage in commercial cannabis-related activity.

9 (3) *OWNER*.—The term “owner” means an indi-
 10 vidual or entity that is defined as an owner under the
 11 State or local law where the individual or business is
 12 licensed or permitted.

13 **SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IM-**
 14 **POSITION OF TAXES WITH RESPECT TO CAN-**
 15 **NABIS PRODUCTS.**

16 (a) *ESTABLISHMENT OF TRUST FUND*.—Subchapter A
 17 of chapter 98 of the Internal Revenue Code of 1986 is
 18 amended by adding at the end the following new section:

19 **“SEC. 9512. ESTABLISHMENT OF OPPORTUNITY TRUST**
 20 **FUND.**

21 “(a) *CREATION OF TRUST FUND*.—There is established
 22 in the Treasury of the United States a trust fund to be
 23 known as the ‘Opportunity Trust Fund’ (referred to in this
 24 section as the ‘Trust Fund’), consisting of such amounts as

1 *may be appropriated or credited to such fund as provided*
 2 *in this section or section 9602(b).*

3 “(b) *TRANSFERS TO TRUST FUND.*—*There are hereby*
 4 *appropriated to the Trust Fund amounts equivalent to the*
 5 *net revenues received in the Treasury from the taxes im-*
 6 *posed under chapter 56.*

7 “(c) *EXPENDITURES.*—*Amounts in the Trust Fund*
 8 *shall be available, without further appropriation, only as*
 9 *follows:*

10 “(1) *50 percent to the Attorney General to carry*
 11 *out section 3052(a) of part OO of the Omnibus Crime*
 12 *Control and Safe Streets Act of 1968.*

13 “(2) *10 percent to the Attorney General to carry*
 14 *out section 3052(b) of part OO of the Omnibus Crime*
 15 *Control and Safe Streets Act of 1968.*

16 “(3) *20 percent to the Administrator of the*
 17 *Small Business Administration to carry out section*
 18 *6(b)(1) of the Marijuana Opportunity Reinvestment*
 19 *and Expungement Act.*

20 “(4) *20 percent to the Administrator of the*
 21 *Small Business Administration to carry out section*
 22 *6(b)(2) of the Marijuana Opportunity Reinvestment*
 23 *and Expungement Act.”.*

1 *(b) CANNABIS REVENUE AND REGULATION ACT.—Sub-*
 2 *title E of the Internal Revenue Code of 1986 is amended*
 3 *by adding at the end the following new chapter:*

4 **“CHAPTER 56—CANNABIS PRODUCTS**

 “SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

 “SUBCHAPTER B. OCCUPATIONAL TAX

 “SUBCHAPTER C. BOND AND PERMITS

 “SUBCHAPTER D. OPERATIONS

 “SUBCHAPTER E. PENALTIES

5 **“Subchapter A—Tax on Cannabis Products**

 “Sec. 5901. Imposition of tax.

 “Sec. 5902. Definitions.

 “Sec. 5903. Liability and method of payment.

 “Sec. 5904. Exemption from tax; transfers in bond.

 “Sec. 5905. Credit, refund, or drawback of tax.

6 **“SEC. 5901. IMPOSITION OF TAX.**

7 “(a) IMPOSITION OF TAX.—There is hereby imposed on
 8 any cannabis product produced in or imported into the
 9 United States a tax equal to—

10 “(1) for any such product removed during the
 11 first 5 calendar years ending after the date on which
 12 this chapter becomes effective, the applicable percent-
 13 age of such product’s removal price, and

14 “(2) for any product removed during any cal-
 15 endar year after the calendar years described in para-
 16 graph (1), the applicable equivalent amount.

1 “(b) *APPLICABLE PERCENTAGE.*—For purposes of sub-
 2 section (a)(1), the applicable percentage shall be determined
 3 as follows:

4 “(1) *For any cannabis product removed during*
 5 *the first 2 calendar years ending after the date on*
 6 *which this chapter becomes effective, 5 percent.*

7 “(2) *For any cannabis product removed during*
 8 *the calendar year after the last calendar year to*
 9 *which paragraph (1) applies, 6 percent.*

10 “(3) *For any cannabis product removed during*
 11 *the calendar year after the calendar year to which*
 12 *paragraph (2) applies, 7 percent.*

13 “(4) *For any cannabis product removed during*
 14 *the calendar year after the calendar year to which*
 15 *paragraph (3) applies, 8 percent.*

16 “(c) *APPLICABLE EQUIVALENT AMOUNT.*—

17 “(1) *IN GENERAL.*—For purposes of subsection
 18 (a)(2), the term ‘applicable equivalent amount’
 19 means, with respect to any cannabis product removed
 20 during any calendar year, an amount equal to—

21 “(A) *in the case of any cannabis product*
 22 *not described in subparagraph (B), the product*
 23 *of the applicable rate per ounce multiplied by the*
 24 *number of ounces of such product (and a propor-*

tionate tax at the like rate on all fractional parts of an ounce of such product), and

“(B) in the case of any THC-measurable cannabis product, the product of the applicable rate per gram multiplied by the number of grams of tetrahydrocannabinol in such product (and a proportionate tax at the like rate on all fractional parts of a gram of tetrahydrocannabinol in such product).

“(2) APPLICABLE RATES.—

“(A) IN GENERAL.—For purposes of paragraph (1)(A), the term ‘applicable rate per ounce’ means, with respect to any cannabis product removed during any calendar year, 8 percent of the prevailing sales price of cannabis flowers sold in the United States during the 12-month period ending one calendar quarter before such calendar year, expressed on a per ounce basis, as determined by the Secretary.

“(B) THC-MEASURABLE CANNABIS PRODUCTS.—For purposes of paragraph (1)(B), the term ‘applicable rate per gram’ means, with respect to any cannabis product removed during any calendar year, 8 percent of the prevailing sales price of tetrahydrocannabinol sold in the

1 *United States during the 12-month period end-*
 2 *ing one calendar quarter before such calendar*
 3 *year, expressed on a per gram basis, as deter-*
 4 *mined by the Secretary.*

5 “(d) *TIME OF ATTACHMENT ON CANNABIS PROD-*
 6 *UCTS.—The tax under this section shall attach to any can-*
 7 *nabis product as soon as such product is in existence as*
 8 *such, whether it be subsequently separated or transferred*
 9 *into any other substance, either in the process of original*
 10 *production or by any subsequent process.*

11 **“SEC. 5902. DEFINITIONS.**

12 “(a) *DEFINITIONS RELATED TO CANNABIS PROD-*
 13 *UCTS.—For purposes of this chapter—*

14 “(1) *CANNABIS PRODUCT.—*

15 “(A) *IN GENERAL.—Except as provided in*
 16 *subparagraph (B), the term ‘cannabis product’*
 17 *means any article which contains (or consists of)*
 18 *cannabis.*

19 “(B) *EXCEPTIONS.—The term ‘cannabis*
 20 *product’ shall not include an FDA-approved ar-*
 21 *ticle or industrial hemp.*

22 “(C) *FDA-APPROVED ARTICLE.—The term*
 23 *‘FDA-approved article’ means any article if the*
 24 *producer or importer thereof demonstrates to the*

1 *satisfaction of the Secretary of Health and*
2 *Human Services that such article is—*

3 *“(i) a drug—*

4 *“(I) that is approved under sec-*
5 *tion 505 of the Federal Food, Drug,*
6 *and Cosmetic Act or licensed under*
7 *section 351 of the Public Health Serv-*
8 *ice Act, or*

9 *“(II) for which an investigational*
10 *use exemption has been authorized*
11 *under section 505(i) of the Federal*
12 *Food, Drug, and Cosmetic Act or*
13 *under section 351(a) of the Public*
14 *Health Service Act, or*

15 *“(ii) a combination product (as de-*
16 *scribed in section 503(g) of the Federal*
17 *Food, Drug, and Cosmetic Act), the con-*
18 *stituent parts of which were approved or*
19 *cleared under section 505, 510(k), or 515 of*
20 *such Act.*

21 *“(D) INDUSTRIAL HEMP.—The term ‘indus-*
22 *trial hemp’ means the plant Cannabis sativa L.*
23 *and any part of such plant, whether growing or*
24 *not, with a delta-9 tetrahydrocannabinol con-*

1 *centration of not more than 0.3 percent on a dry*
 2 *weight basis.*

3 “(2) *THC-MEASURABLE CANNABIS PRODUCT.*—
 4 *The term ‘THC-measurable cannabis product’ means*
 5 *any cannabis product—*

6 *“(A) with respect to which the Secretary has*
 7 *made a determination that the amount of*
 8 *tetrahydrocannabinol in such product can be*
 9 *measured with a high degree of accuracy, or*

10 *“(B) which is not cannabis flower and the*
 11 *concentration of tetrahydrocannabinol in which*
 12 *is significantly higher than the average such con-*
 13 *centration in cannabis flower.*

14 “(3) *CANNABIS.*—*The term ‘cannabis’ has the*
 15 *meaning given such term under section 102(16) of the*
 16 *Controlled Substances Act (21 U.S.C. 802(16)).*

17 “(b) *DEFINITIONS RELATED TO CANNABIS ENTER-*
 18 *PRISES.*—*For purposes of this chapter—*

19 “(1) *CANNABIS ENTERPRISE.*—*The term ‘can-*
 20 *nabis enterprise’ means a producer, importer, or ex-*
 21 *port warehouse proprietor.*

22 “(2) *PRODUCER.*—

23 “(A) *IN GENERAL.*—*The term ‘producer’*
 24 *means any person who plants, cultivates, har-*
 25 *vests, grows, manufactures, produces, compounds,*

1 *converts, processes, prepares, or packages any*
2 *cannabis product.*

3 “(B) *PERSONAL USE EXCEPTION.*—*Subject*
4 *to regulation prescribed by the Secretary, the*
5 *term ‘producer’ shall not include any individual*
6 *otherwise described in subparagraph (A) if the*
7 *only cannabis product described in such sub-*
8 *paragraph with respect to such individual is for*
9 *personal or family use and not for sale.*

10 “(3) *IMPORTER.*—*The term ‘importer’ means*
11 *any person who—*

12 “(A) *is in the United States and to whom*
13 *non-tax-paid cannabis products, produced in a*
14 *foreign country or a possession of the United*
15 *States, are shipped or consigned,*

16 “(B) *removes cannabis products for sale or*
17 *consumption in the United States from a cus-*
18 *toms bonded warehouse, or*

19 “(C) *smuggles or otherwise unlawfully*
20 *brings any cannabis product into the United*
21 *States.*

22 “(4) *EXPORT WAREHOUSE PROPRIETOR.*—

23 “(A) *IN GENERAL.*—*The term ‘export ware-*
24 *house proprietor’ means any person who operates*
25 *an export warehouse.*

1 “(B) *EXPORT WAREHOUSE*.—The term ‘ex-
 2 port warehouse’ means a bonded internal revenue
 3 warehouse for the storage of cannabis products,
 4 upon which the internal revenue tax has not been
 5 paid—

6 “(i) for subsequent shipment to a for-
 7 eign country or a possession of the United
 8 States, or

9 “(ii) for consumption beyond the juris-
 10 diction of the internal revenue laws of the
 11 United States.

12 “(5) *CANNABIS PRODUCTION FACILITY*.—The
 13 term ‘cannabis production facility’ means an estab-
 14 lishment which is qualified under subchapter C to
 15 perform any operation for which such qualification is
 16 required under such subchapter.

17 “(c) *OTHER DEFINITIONS*.—For purposes of this chap-
 18 ter—

19 “(1) *PRODUCE*.—The term ‘produce’ includes
 20 any activity described in subsection (b)(2)(A).

21 “(2) *REMOVAL; REMOVE*.—The terms ‘removal’
 22 or ‘remove’ means—

23 “(A) the transfer of cannabis products from
 24 the premises of a producer (or the transfer of
 25 such products from the bonded premises of a pro-

1 *ducer to a non-bonded premises of such pro-*
 2 *ducer),*

3 *“(B) release of such products from customs*
 4 *custody, or*

5 *“(C) smuggling or other unlawful importa-*
 6 *tion of such products into the United States.*

7 *“(3) REMOVAL PRICE.—The term ‘removal price’*
 8 *means—*

9 *“(A) except as otherwise provided in this*
 10 *paragraph, the price for which the cannabis*
 11 *product is sold in the sale which occurs in con-*
 12 *nection with the removal of such product,*

13 *“(B) in the case of any such sale which is*
 14 *described in section 5903(c), the price deter-*
 15 *mined under such section, and*

16 *“(C) if there is no sale which occurs in con-*
 17 *nection with such removal, the price which*
 18 *would be determined under section 5903(c) if*
 19 *such product were sold at a price which cannot*
 20 *be determined.*

21 **“SEC. 5903. LIABILITY AND METHOD OF PAYMENT.**

22 *“(a) LIABILITY FOR TAX.—*

23 *“(1) ORIGINAL LIABILITY.—The producer or im-*
 24 *porter of any cannabis product shall be liable for the*
 25 *taxes imposed thereon by section 5901.*

1 “(2) *TRANSFER OF LIABILITY.*—

2 “(A) *IN GENERAL.*—When cannabis prod-
3 ucts are transferred, without payment of tax,
4 pursuant to subsection (b) or (c) of section
5 5904—

6 “(i) except as provided in clause (ii),
7 the transferee shall become liable for the tax
8 upon receipt by the transferee of such arti-
9 cles, and the transferor shall thereupon be
10 relieved of their liability for such tax, and

11 “(ii) in the case of cannabis products
12 which are released in bond from customs
13 custody for transfer to the bonded premises
14 of a producer, the transferee shall become
15 liable for the tax on such articles upon re-
16 lease from customs custody, and the im-
17 porter shall thereupon be relieved of their li-
18 ability for such tax.

19 “(B) *RETURNED TO BOND.*—All provisions
20 of this chapter applicable to cannabis products
21 in bond shall be applicable to such articles re-
22 turned to bond upon withdrawal from the mar-
23 ket or returned to bond after previous removal
24 for a tax-exempt purpose.

25 “(b) *METHOD OF PAYMENT OF TAX.*—

1 “(1) *IN GENERAL.*—

2 “(A) *TAXES PAID ON BASIS OF RETURN.*—

3 *The taxes imposed by section 5901 shall be paid*
4 *on the basis of return. The Secretary shall, by*
5 *regulations, prescribe the period or the event to*
6 *be covered by such return and the information to*
7 *be furnished on such return.*

8 “(B) *APPLICATION TO TRANSFEREES.*—*In*
9 *the case of any transfer to which subsection*
10 *(a)(2)(A) applies, the tax under section 5901 on*
11 *the transferee shall (if not otherwise relieved by*
12 *reason of a subsequent transfer to which such*
13 *subsection applies) be imposed with respect to the*
14 *removal of the cannabis product from the bonded*
15 *premises of the transferee.*

16 “(C) *POSTPONEMENT.*—*Any postponement*
17 *under this subsection of the payment of taxes de-*
18 *termined at the time of removal shall be condi-*
19 *tioned upon the filing of such additional bonds,*
20 *and upon compliance with such requirements, as*
21 *the Secretary may prescribe for the protection of*
22 *the revenue. The Secretary may, by regulations,*
23 *require payment of tax on the basis of a return*
24 *prior to removal of the cannabis products where*
25 *a person defaults in the postponed payment of*

1 *tax on the basis of a return under this subsection*
 2 *or regulations prescribed thereunder.*

3 “(D) *ADMINISTRATION AND PENALTIES.*—
 4 *All administrative and penalty provisions of this*
 5 *title, insofar as applicable, shall apply to any*
 6 *tax imposed by section 5901.*

7 “(2) *TIME FOR PAYMENT OF TAXES.*—

8 “(A) *IN GENERAL.*—*Except as otherwise*
 9 *provided in this paragraph, in the case of taxes*
 10 *on cannabis products removed during any semi-*
 11 *monthly period under bond for deferred payment*
 12 *of tax, the last day for payment of such taxes*
 13 *shall be the 14th day after the last day of such*
 14 *semimonthly period.*

15 “(B) *IMPORTED ARTICLES.*—*In the case of*
 16 *cannabis products which are imported into the*
 17 *United States, the following provisions shall*
 18 *apply:*

19 “(i) *IN GENERAL.*—*The last day for*
 20 *payment of tax shall be the 14th day after*
 21 *the last day of the semimonthly period dur-*
 22 *ing which the article is entered into the cus-*
 23 *toms territory of the United States.*

24 “(ii) *SPECIAL RULE FOR ENTRY OF*
 25 *WAREHOUSING.*—*Except as provided in*

1 *clause (iv), in the case of an entry for*
 2 *warehousing, the last day for payment of*
 3 *tax shall not be later than the 14th day*
 4 *after the last day of the semimonthly period*
 5 *during which the article is removed from*
 6 *the first such warehouse.*

7 “(iii) *FOREIGN TRADE ZONES.—Ex-*
 8 *cept as provided in clause (iv) and in regu-*
 9 *lations prescribed by the Secretary, articles*
 10 *brought into a foreign trade zone shall, not-*
 11 *withstanding any other provision of law, be*
 12 *treated for purposes of this subsection as if*
 13 *such zone were a single customs warehouse.*

14 “(iv) *EXCEPTION FOR ARTICLES DES-*
 15 *TINED FOR EXPORT.—Clauses (ii) and (iii)*
 16 *shall not apply to any article which is*
 17 *shown to the satisfaction of the Secretary to*
 18 *be destined for export.*

19 “(C) *CANNABIS PRODUCTS BROUGHT INTO*
 20 *THE UNITED STATES FROM PUERTO RICO.—In*
 21 *the case of cannabis products which are brought*
 22 *into the United States from Puerto Rico and*
 23 *subject to tax under section 7652, the last day*
 24 *for payment of tax shall be the 14th day after the*

1 *last day of the semimonthly period during which*
 2 *the article is brought into the United States.*

3 “(D) *SPECIAL RULE WHERE DUE DATE*
 4 *FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—*
 5 *Notwithstanding section 7503, if, but for this*
 6 *subparagraph, the due date under this para-*
 7 *graph would fall on a Saturday, Sunday, or a*
 8 *legal holiday (as defined in section 7503), such*
 9 *due date shall be the immediately preceding day*
 10 *which is not a Saturday, Sunday, or such a hol-*
 11 *iday.*

12 “(E) *SPECIAL RULE FOR UNLAWFULLY PRO-*
 13 *DUCED CANNABIS PRODUCTS.—In the case of any*
 14 *cannabis products produced in the United States*
 15 *at any place other than the premises of a pro-*
 16 *ducer that has filed the bond and obtained the*
 17 *permit required under this chapter, tax shall be*
 18 *due and payable immediately upon production.*

19 “(3) *PAYMENT BY ELECTRONIC FUND TRANS-*
 20 *FER.—Any person who in any 12-month period, end-*
 21 *ing December 31, was liable for a gross amount equal*
 22 *to or exceeding \$5,000,000 in taxes imposed on can-*
 23 *nabis products by section 5901 (or section 7652) shall*
 24 *pay such taxes during the succeeding calendar year*
 25 *by electronic fund transfer (as defined in section*

1 5061(e)(2)) to a Federal Reserve Bank. Rules similar
 2 to the rules of section 5061(e)(3) shall apply to the
 3 \$5,000,000 amount specified in the preceding sen-
 4 tence.

5 “(c) DETERMINATION OF PRICE.—

6 “(1) CONSTRUCTIVE SALE PRICE.—

7 “(A) IN GENERAL.—If an article is sold di-
 8 rectly to consumers, sold on consignment, or sold
 9 (otherwise than through an arm’s length trans-
 10 action) at less than the fair market price, or if
 11 the price for which the article sold cannot be de-
 12 termined, the tax under section 5901(a) shall be
 13 computed on the price for which such articles are
 14 sold, in the ordinary course of trade, by pro-
 15 ducers thereof, as determined by the Secretary.

16 “(B) ARM’S LENGTH.—

17 “(i) IN GENERAL.—For purposes of
 18 this section, a sale is considered to be made
 19 under circumstances otherwise than at
 20 arm’s length if—

21 “(I) the parties are members of
 22 the same controlled group, whether or
 23 not such control is actually exercised to
 24 influence the sale price,

1 “(II) *the parties are members of a*
 2 *family, as defined in section 267(c)(4),*
 3 *or*

4 “(III) *the sale is made pursuant*
 5 *to special arrangements between a pro-*
 6 *ducer and a purchaser.*

7 “(ii) *CONTROLLED GROUPS.—*

8 “(I) *IN GENERAL.—The term ‘con-*
 9 *trolled group’ has the meaning given to*
 10 *such term by subsection (a) of section*
 11 *1563, except that ‘more than 50 per-*
 12 *cent’ shall be substituted for ‘at least*
 13 *80 percent’ each place it appears in*
 14 *such subsection.*

15 “(II) *CONTROLLED GROUPS*
 16 *WHICH INCLUDE NONINCORPORATED*
 17 *PERSONS.—Under regulations pre-*
 18 *scribed by the Secretary, principles*
 19 *similar to the principles of subclause*
 20 *(I) shall apply to a group of persons*
 21 *under common control where one or*
 22 *more of such persons is not a corpora-*
 23 *tion.*

24 “(2) *CONTAINERS, PACKING AND TRANSPOR-*
 25 *TATION CHARGES.—In determining, for the purposes*

1 *of this chapter, the price for which an article is sold,*
 2 *there shall be included any charge for coverings and*
 3 *containers of whatever nature, and any charge inci-*
 4 *dent to placing the article in condition packed ready*
 5 *for shipment, but there shall be excluded the amount*
 6 *of tax imposed by this chapter, whether or not stated*
 7 *as a separate charge. A transportation, delivery, in-*
 8 *surance, installation, or other charge (not required by*
 9 *the preceding sentence to be included) shall be ex-*
 10 *cluded from the price only if the amount thereof is es-*
 11 *tablished to the satisfaction of the Secretary in ac-*
 12 *cordance with regulations.*

13 *“(3) DETERMINATION OF APPLICABLE EQUIVA-*
 14 *LENT AMOUNTS.—Paragraphs (1) and (2) shall apply*
 15 *for purposes of section 5901(c) only to the extent that*
 16 *the Secretary determines appropriate.*

17 *“(d) PARTIAL PAYMENTS AND INSTALLMENT AC-*
 18 *COUNTS.—*

19 *“(1) PARTIAL PAYMENTS.—In the case of—*

20 *“(A) a contract for the sale of an article*
 21 *wherein it is provided that the price shall be*
 22 *paid by installments and title to the article sold*
 23 *does not pass until a future date notwith-*
 24 *standing partial payment by installments,*

25 *“(B) a conditional sale, or*

1 “(C) a chattel mortgage arrangement where-
 2 in it is provided that the sales price shall be
 3 paid in installments,
 4 there shall be paid upon each payment with respect
 5 to the article a percentage of such payment equal to
 6 the rate of tax in effect on the date such payment is
 7 due.

8 “(2) SALES OF INSTALLMENT ACCOUNTS.—If in-
 9 stallment accounts, with respect to payments on
 10 which tax is being computed as provided in para-
 11 graph (1), are sold or otherwise disposed of, then
 12 paragraph (1) shall not apply with respect to any
 13 subsequent payments on such accounts (other than
 14 subsequent payments on returned accounts with re-
 15 spect to which credit or refund is allowable by reason
 16 of section 6416(b)(5)), but instead—

17 “(A) there shall be paid an amount equal to
 18 the difference between—

19 “(i) the tax previously paid on the
 20 payments on such installment accounts, and

21 “(ii) the total tax which would be pay-
 22 able if such installment accounts had not
 23 been sold or otherwise disposed of (computed
 24 as provided in paragraph (1)), except that

“(B) if any such sale is pursuant to the order of, or subject to the approval of, a court of competent jurisdiction in a bankruptcy or insolvency proceeding, the amount computed under subparagraph (A) shall not exceed the sum of the amounts computed by multiplying—

“(i) the proportionate share of the amount for which such accounts are sold which is allocable to each unpaid installment payment, by

“(ii) the rate of tax under this chapter in effect on the date such unpaid installment payment is or was due.

The sum of the amounts payable under this subsection in respect of the sale of any article shall not exceed the total tax.

“SEC. 5904. EXEMPTION FROM TAX; TRANSFERS IN BOND.

“(a) *EXEMPTION FROM TAX.*—Cannabis products on which the internal revenue tax has not been paid or determined may, subject to such regulations as the Secretary shall prescribe, be withdrawn from the bonded premises of any producer in approved containers free of tax and not for resale for use—

“(1) exclusively in scientific research by a laboratory,

1 “(2) by a proprietor of a cannabis production
 2 facility in research, development, or testing (other
 3 than consumer testing or other market analysis) of
 4 processes, systems, materials, or equipment, relating
 5 to cannabis or cannabis operations, under such limi-
 6 tations and conditions as to quantities, use, and ac-
 7 countability as the Secretary may by regulations re-
 8 quire for the protection of the revenue, or

9 “(3) by the United States or any governmental
 10 agency thereof, any State, any political subdivision of
 11 a State, or the District of Columbia, for nonconsump-
 12 tion purposes.

13 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-
 14 MOVED IN BOND FROM DOMESTIC FACTORIES AND EXPORT
 15 WAREHOUSES.—

16 “(1) IN GENERAL.—Subject to such regulations
 17 and under such bonds as the Secretary shall prescribe,
 18 a producer or export warehouse proprietor may trans-
 19 fer cannabis products, without payment of tax, to the
 20 bonded premises of another producer or export ware-
 21 house proprietor, or remove such articles, without
 22 payment of tax, for shipment to a foreign country or
 23 a possession of the United States, or for consumption
 24 beyond the jurisdiction of the internal revenue laws of
 25 the United States.

1 “(2) *LABELING.*—Cannabis products may not be
2 *transferred or removed under this subsection unless*
3 *such products bear such marks, labels, or notices as*
4 *the Secretary shall by regulations prescribe.*

5 “(c) *CANNABIS PRODUCTS RELEASED IN BOND FROM*
6 *CUSTOMS CUSTODY.*—Cannabis products imported or
7 *brought into the United States may be released from cus-*
8 *toms custody, without payment of tax, for delivery to a pro-*
9 *ducer or export warehouse proprietor if such articles are*
10 *not put up in packages, in accordance with such regulations*
11 *and under such bond as the Secretary shall prescribe.*

12 “(d) *CANNABIS PRODUCTS EXPORTED AND RE-*
13 *TURNED.*—Cannabis products classifiable under item
14 *9801.00.10 of the Harmonized Tariff Schedule of the United*
15 *States (relating to duty on certain articles previously ex-*
16 *ported and returned), as in effect on the date of the enact-*
17 *ment of the Marijuana Opportunity Reinvestment and*
18 *Expungement Act, may be released from customs custody,*
19 *without payment of that part of the duty attributable to*
20 *the internal revenue tax for delivery to the original pro-*
21 *ducer of such cannabis products or to the export warehouse*
22 *proprietor authorized by such producer to receive such prod-*
23 *ucts, in accordance with such regulations and under such*
24 *bond as the Secretary shall prescribe. Upon such release*
25 *such products shall be subject to this chapter as if they had*

1 *not been exported or otherwise removed from internal rev-*
 2 *enue bond.*

3 **“SEC. 5905. CREDIT, REFUND, OR DRAWBACK OF TAX.**

4 “(a) *CREDIT OR REFUND.*—

5 “(1) *IN GENERAL.*—*Credit or refund of any tax*
 6 *imposed by this chapter or section 7652 shall be al-*
 7 *lowed or made (without interest) to the cannabis en-*
 8 *terprise on proof satisfactory to the Secretary that the*
 9 *claimant cannabis enterprise has paid the tax on—*

10 “(A) *cannabis products withdrawn from the*
 11 *market by the claimant, or*

12 “(B) *such products lost (otherwise than by*
 13 *theft) or destroyed, by fire, casualty, or act of*
 14 *God, while in the possession or ownership of the*
 15 *claimant.*

16 “(2) *CANNABIS PRODUCTS LOST OR DESTROYED*
 17 *IN BOND.*—

18 “(A) *EXTENT OF LOSS ALLOWANCE.*—*No*
 19 *tax shall be collected in respect of cannabis prod-*
 20 *ucts lost or destroyed while in bond, except that*
 21 *such tax shall be collected—*

22 “(i) *in the case of loss by theft, unless*
 23 *the Secretary finds that the theft occurred*
 24 *without connivance, collusion, fraud, or*
 25 *negligence on the part of the proprietor of*

1 the cannabis production facility, owner,
2 consignor, consignee, bailee, or carrier, or
3 their employees or agents,

4 “(ii) in the case of voluntary destruc-
5 tion, unless such destruction is carried out
6 as provided in paragraph (3), and

7 “(iii) in the case of an unexplained
8 shortage of cannabis products.

9 “(B) *PROOF OF LOSS.*—In any case in
10 which cannabis products are lost or destroyed,
11 whether by theft or otherwise, the Secretary may
12 require the proprietor of a cannabis production
13 facility or other person liable for the tax to file
14 a claim for relief from the tax and submit proof
15 as to the cause of such loss. In every case where
16 it appears that the loss was by theft, the burden
17 shall be upon the proprietor of the cannabis pro-
18 duction facility or other person responsible for
19 the tax under section 5901 to establish to the sat-
20 isfaction of the Secretary that such loss did not
21 occur as the result of connivance, collusion,
22 fraud, or negligence on the part of the proprietor
23 of the cannabis production facility, owner, con-
24 signor, consignee, bailee, or carrier, or their em-
25 ployees or agents.

1 “(C) *REFUND OF TAX.*—*In any case where*
2 *the tax would not be collectible by virtue of sub-*
3 *paragraph (A), but such tax has been paid, the*
4 *Secretary shall refund such tax.*

5 “(D) *LIMITATIONS.*—*Except as provided in*
6 *subparagraph (E), no tax shall be abated, remit-*
7 *ted, credited, or refunded under this paragraph*
8 *where the loss occurred after the tax was deter-*
9 *mined. The abatement, remission, credit, or re-*
10 *fund of taxes provided for by subparagraphs (A)*
11 *and (C) in the case of loss of cannabis products*
12 *by theft shall only be allowed to the extent that*
13 *the claimant is not indemnified against or rec-*
14 *ompensed in respect of the tax for such loss.*

15 “(E) *APPLICABILITY.*—*The provisions of*
16 *this paragraph shall extend to and apply in re-*
17 *spect of cannabis products lost after the tax was*
18 *determined and before completion of the physical*
19 *removal of the cannabis products from the bond-*
20 *ed premises.*

21 “(3) *VOLUNTARY DESTRUCTION.*—*The proprietor*
22 *of a cannabis production facility or other persons lia-*
23 *ble for the tax imposed by this chapter or by section*
24 *7652 with respect to any cannabis product in bond*
25 *may voluntarily destroy such products, but only if*

1 *such destruction is under such supervision and under*
 2 *such regulations as the Secretary may prescribe.*

3 “(4) *LIMITATION.*—*Any claim for credit or re-*
 4 *fund of tax under this subsection shall be filed within*
 5 *6 months after the date of the withdrawal from the*
 6 *market, loss, or destruction of the products to which*
 7 *the claim relates, and shall be in such form and con-*
 8 *tain such information as the Secretary shall by regu-*
 9 *lations prescribe.*

10 “(b) *DRAWBACK OF TAX.*—*There shall be an allowance*
 11 *of drawback of tax paid on cannabis products, when*
 12 *shipped from the United States, in accordance with such*
 13 *regulations and upon the filing of such bond as the Sec-*
 14 *retary shall prescribe.*

15 **“Subchapter B—Occupational Tax**

 “Sec. 5911. *Imposition and rate of tax.*

 “Sec. 5912. *Payment of tax.*

 “Sec. 5913. *Provisions relating to liability for occupational taxes.*

 “Sec. 5914. *Application to State laws.*

16 **“SEC. 5911. IMPOSITION AND RATE OF TAX.**

17 “(a) *IN GENERAL.*—*Any person engaged in business*
 18 *as a producer or an export warehouse proprietor shall pay*
 19 *a tax of \$1,000 per year (referred to in this subchapter as*
 20 *an ‘occupational tax’) in respect of each premises at which*
 21 *such business is carried on.*

22 “(b) *PENALTY FOR FAILURE TO REGISTER.*—*Any per-*
 23 *son engaged in business as a producer or an export ware-*

1 *house proprietor who willfully fails to pay the occupation*
 2 *tax shall be fined not more than \$5,000, or imprisoned not*
 3 *more than 2 years, or both, for each such offense.*

4 **“SEC. 5912. PAYMENT OF TAX.**

5 “(a) *CONDITION PRECEDENT TO CARRYING ON BUSI-*
 6 *NESS.—No person shall be engaged in or carry on any trade*
 7 *or business subject to the occupational tax until such person*
 8 *has paid such tax.*

9 “(b) *COMPUTATION.—*

10 “(1) *IN GENERAL.—The occupational tax shall*
 11 *be imposed—*

12 “(A) *as of on the first day of July in each*
 13 *year, or*

14 “(B) *on commencing any trade or business*
 15 *on which such tax is imposed.*

16 “(2) *PERIOD.—In the case of a tax imposed*
 17 *under subparagraph (A) of paragraph (1), the occu-*
 18 *pational tax shall be reckoned for 1 year, and in the*
 19 *case of subparagraph (B) of such paragraph, it shall*
 20 *be reckoned proportionately, from the first day of the*
 21 *month in which the liability to such tax commenced,*
 22 *to and including the 30th day of June following.*

23 “(c) *METHOD OF PAYMENT.—*

1 “(1) *PAYMENT BY RETURN.*—*The occupational*
 2 *tax shall be paid on the basis of a return under such*
 3 *regulations as the Secretary shall prescribe.*

4 “(2) *STAMP DENOTING PAYMENT OF TAX.*—*After*
 5 *receiving a properly executed return and remittance*
 6 *of any occupational tax, the Secretary shall issue to*
 7 *the taxpayer an appropriate stamp as a receipt de-*
 8 *noting payment of the tax. This paragraph shall not*
 9 *apply in the case of a return covering liability for a*
 10 *past period.*

11 **“SEC. 5913. PROVISIONS RELATING TO LIABILITY FOR OC-**
 12 **CUPATIONAL TAXES.**

13 “(a) *PARTNERS.*—*Any number of persons doing busi-*
 14 *ness in partnership at any one place shall be required to*
 15 *pay a single occupational tax.*

16 “(b) *DIFFERENT BUSINESSES OF SAME OWNERSHIP*
 17 *AND LOCATION.*—*Whenever more than one of the pursuits*
 18 *or occupations described in this subchapter are carried on*
 19 *in the same place by the same person at the same time,*
 20 *except as otherwise provided in this subchapter, the occupa-*
 21 *tional tax shall be paid for each according to the rates sever-*
 22 *ally prescribed.*

23 “(c) *BUSINESSES IN MORE THAN ONE LOCATION.*—

24 “(1) *LIABILITY FOR TAX.*—*The payment of the*
 25 *occupational tax shall not exempt from an additional*

1 *occupational tax the person carrying on a trade or*
 2 *business in any other place than that stated in the*
 3 *records of the Internal Revenue Service.*

4 “(2) *STORAGE.*—*Nothing contained in para-*
 5 *graph (1) shall require imposition of an occupational*
 6 *tax for the storage of cannabis products at a location*
 7 *other than the place where such products are sold or*
 8 *offered for sale.*

9 “(3) *PLACE.*—

10 “(A) *IN GENERAL.*—*For purposes of this*
 11 *section, the term ‘place’ means the entire office,*
 12 *plant or area of the business in any one location*
 13 *under the same proprietorship.*

14 “(B) *DIVISIONS.*—*For purposes of this*
 15 *paragraph, any passageways, streets, highways,*
 16 *rail crossings, waterways, or partitions dividing*
 17 *the premises shall not be deemed sufficient sepa-*
 18 *ration to require an additional occupational tax,*
 19 *if the various divisions are otherwise contiguous.*

20 “(d) *DEATH OR CHANGE OF LOCATION.*—

21 “(1) *IN GENERAL.*—*In addition to the person*
 22 *who has paid the occupational tax for the carrying on*
 23 *of any business at any place, any person described in*
 24 *paragraph (2) may secure the right to carry on, with-*
 25 *out incurring any additional occupational tax, the*

1 *same business at the same place for the remainder of*
2 *the taxable period for which the occupational tax was*
3 *paid.*

4 “(2) *ELIGIBLE PERSONS.—The persons described*
5 *in this paragraph are the following:*

6 “(A) *The surviving spouse or child, or ex-*
7 *ecutor or administrator or other legal representa-*
8 *tive, of a deceased taxpayer.*

9 “(B) *A husband or wife succeeding to the*
10 *business of his or her living spouse.*

11 “(C) *A receiver or trustee in bankruptcy, or*
12 *an assignee for benefit of creditors.*

13 “(D) *The partner or partners remaining*
14 *after death or withdrawal of a member of a part-*
15 *nership.*

16 “(3) *CHANGE OF LOCATION.—When any person*
17 *moves to any place other than the place for which oc-*
18 *cupational tax was paid for the carrying on of any*
19 *business, such person may secure the right to carry*
20 *on, without incurring additional occupational tax,*
21 *the same business at the new location for the remain-*
22 *der of the taxable period for which the occupational*
23 *tax was paid. To secure the right to carry on the*
24 *business without incurring additional occupational*
25 *tax, the successor, or the person relocating their busi-*

1 *ness, must register the succession or relocation with*
 2 *the Secretary in accordance with regulations pre-*
 3 *scribed by the Secretary.*

4 *“(e) FEDERAL AGENCIES OR INSTRUMENTALITIES.—*
 5 *Any tax imposed by this subchapter shall apply to any*
 6 *agency or instrumentality of the United States unless such*
 7 *agency or instrumentality is granted by statute a specific*
 8 *exemption from such tax.*

9 **“SEC. 5914. APPLICATION TO STATE LAWS.**

10 *“The payment of any tax imposed by this subchapter*
 11 *for carrying on any trade or business shall not be held to—*

12 *“(1) exempt any person from any penalty or*
 13 *punishment provided by the laws of any State for*
 14 *carrying on such trade or business within such State,*
 15 *or in any manner to authorize the commencement or*
 16 *continuance of such trade or business contrary to the*
 17 *laws of such State or in places prohibited by munic-*
 18 *ipal law, or*

19 *“(2) prohibit any State from placing a duty or*
 20 *tax on the same trade or business, for State or other*
 21 *purposes.*

22 **“Subchapter C—Bond and Permits**

“Sec. 5921. Establishment and bond.

“Sec. 5922. Application for permit.

“Sec. 5923. Permit.

1 **“SEC. 5921. ESTABLISHMENT AND BOND.**

2 “(a) *PROHIBITION ON PRODUCTION OUTSIDE OF*
3 *BONDED CANNABIS PRODUCTION FACILITY.—*

4 “(1) *IN GENERAL.—Except as authorized by the*
5 *Secretary or on the bonded premises of a cannabis*
6 *production facility duly authorized to produce can-*
7 *nabis products according to law, no cannabis product*
8 *may planted, cultivated, harvested, grown, manufac-*
9 *tured, produced, compounded, converted, processed,*
10 *prepared, or packaged in any building or on any*
11 *premises.*

12 “(2) *AUTHORIZED PRODUCERS ONLY.—No per-*
13 *son other than a producer which has filed the bond*
14 *required under subsection (b) and received a permit*
15 *described in section 5923 may produce any cannabis*
16 *product.*

17 “(3) *PERSONAL USE EXCEPTION.—This sub-*
18 *section shall not apply with respect the activities of*
19 *an individual who is not treated as a producer by*
20 *reason of section 5902(b)(2)(B).*

21 “(b) *BOND.—*

22 “(1) *WHEN REQUIRED.—Every person, before*
23 *commencing business as a producer or an export*
24 *warehouse proprietor, shall file such bond, conditioned*
25 *upon compliance with this chapter and regulations*
26 *issued thereunder, in such form, amount, and manner*

1 *as the Secretary shall by regulation prescribe. A new*
 2 *or additional bond may be required whenever the Sec-*
 3 *retary considers such action necessary for the protec-*
 4 *tion of the revenue.*

5 “(2) *APPROVAL OR DISAPPROVAL.*—No person
 6 *shall engage in such business until he receives notice*
 7 *of approval of such bond. A bond may be disapproved,*
 8 *upon notice to the principal on the bond, if the Sec-*
 9 *retary determines that the bond is not adequate to*
 10 *protect the revenue.*

11 “(3) *CANCELLATION.*—Any bond filed hereunder
 12 *may be canceled, upon notice to the principal on the*
 13 *bond, whenever the Secretary determines that the*
 14 *bond no longer adequately protects the revenue.*

15 **“SEC. 5922. APPLICATION FOR PERMIT.**

16 “(a) *IN GENERAL.*—Every person, before commencing
 17 *business as a cannabis enterprise, and at such other time*
 18 *as the Secretary shall by regulation prescribe, shall make*
 19 *application for the permit provided for in section 5923. The*
 20 *application shall be in such form as the Secretary shall pre-*
 21 *scribe and shall set forth, truthfully and accurately, the in-*
 22 *formation called for on the form. Such application may be*
 23 *rejected and the permit denied if the Secretary, after notice*
 24 *and opportunity for hearing, finds that—*

1 “(1) the premises on which it is proposed to con-
2 duct the cannabis enterprise are not adequate to pro-
3 tect the revenue, or

4 “(2) such person (including, in the case of a cor-
5 poration, any officer, director, or principal stock-
6 holder and, in the case of a partnership, a partner)
7 has failed to disclose any material information re-
8 quired or made any material false statement in the
9 application therefor.

10 **“SEC. 5923. PERMIT.**

11 “(a) *ISSUANCE.*—A person shall not engage in business
12 as a cannabis enterprise without a permit to engage in such
13 business. Such permit, conditioned upon compliance with
14 this chapter and regulations issued thereunder, shall be
15 issued in such form and in such manner as the Secretary
16 shall by regulation prescribe. A new permit may be required
17 at such other time as the Secretary shall by regulation pre-
18 scribe.

19 “(b) *SUSPENSION OR REVOCATION.*—

20 “(1) *SHOW CAUSE HEARING.*—If the Secretary
21 has reason to believe that any person holding a per-
22 mit—

23 “(A) has not in good faith complied with
24 this chapter, or with any other provision of this
25 title involving intent to defraud,

1 “(B) has violated the conditions of such per-
2 mit,

3 “(C) has failed to disclose any material in-
4 formation required or made any material false
5 statement in the application for such permit, or

6 “(D) has failed to maintain their premises
7 in such manner as to protect the revenue,
8 the Secretary shall issue an order, stating the facts
9 charged, citing such person to show cause why their
10 permit should not be suspended or revoked.

11 “(2) ACTION FOLLOWING HEARING.—If, after
12 hearing, the Secretary finds that such person has not
13 shown cause why their permit should not be sus-
14 pended or revoked, such permit shall be suspended for
15 such period as the Secretary deems proper or shall be
16 revoked.

17 “(c) INFORMATION REPORTING.—The Secretary may
18 require—

19 “(1) information reporting by any person issued
20 a permit under this section, and

21 “(2) information reporting by such other persons
22 as the Secretary deems necessary to carry out this
23 chapter.

“Sec. 5931. Inventories, reports, and records.

“Sec. 5932. Packaging and labeling.

“Sec. 5933. Purchase, receipt, possession, or sale of cannabis products after removal.

“Sec. 5934. Restrictions relating to marks, labels, notices, and packages.

“Sec. 5935. Restriction on importation of previously exported cannabis products.

6 *“Every cannabis enterprise shall—*

7 *“(1) make a true and accurate inventory at the*

8 *time of commencing business, at the time of con-*

9 *cluding business, and at such other times, in such*

10 *manner and form, and to include such items, as the*

11 *Secretary shall by regulation prescribe, with such in-*

12 *ventories to be subject to verification by any internal*

13 *revenue officer,*

14 *“(2) make reports containing such information,*

15 *in such form, at such times, and for such periods as*

16 *the Secretary shall by regulation prescribe, and*

17 *“(3) keep such records in such manner as the*

18 *Secretary shall by regulation prescribe, with such*

19 *records to be available for inspection by any internal*

20 *revenue officer during business hours.*

1 **“SEC. 5932. PACKAGING AND LABELING.**

2 “(a) *PACKAGES.*—All cannabis products shall, before
3 removal, be put up in such packages as the Secretary shall
4 by regulation prescribe.

5 “(b) *MARKS, LABELS, AND NOTICES.*—Every package
6 of cannabis products shall, before removal, bear the marks,
7 labels, and notices if any, that the Secretary by regulation
8 prescribes.

9 “(c) *LOTTERY FEATURES.*—No certificate, coupon, or
10 other device purporting to be or to represent a ticket,
11 chance, share, or an interest in, or dependent on, the event
12 of a lottery shall be contained in, attached to, or stamped,
13 marked, written, or printed on any package of cannabis
14 products.

15 “(d) *INDECENT OR IMMORAL MATERIAL PROHIB-*
16 *ITED.*—No indecent or immoral picture, print, or represen-
17 tation shall be contained in, attached to, or stamped,
18 marked, written, or printed on any package of cannabis
19 products.

20 “(e) *EXCEPTIONS.*—Subject to regulations prescribed
21 by the Secretary, cannabis products may be exempted from
22 subsections (a) and (b) if such products are—

23 “(1) for experimental purposes, or

24 “(2) transferred to the bonded premises of an-
25 other producer or export warehouse proprietor or re-

5 “(a) *RESTRICTION*.—No person shall—

6 “(1) with intent to defraud the United States,
7 purchase, receive, possess, offer for sale, or sell or oth-
8 erwise dispose of, after removal, any cannabis prod-
9 ucts—

10 “(A) upon which the tax has not been paid
11 or determined in the manner and at the time
12 prescribed by this chapter or regulations there-
13 under, or

14 “(B) which, after removal without payment
15 of tax pursuant to section 5904(a), have been di-
16 verted from the applicable purpose or use speci-
17 fied in that section,

“(2) with intent to defraud the United States,
purchase, receive, possess, offer for sale, or sell or otherwise dispose of, after removal, any cannabis products which are not put up in packages as required under section 5932 or which are put up in packages not bearing the marks, labels, and notices, as required under such section, or

1 “(3) *otherwise than with intent to defraud the*
2 *United States, purchase, receive, possess, offer for sale,*
3 *or sell or otherwise dispose of, after removal, any can-*
4 *nabis products which are not put up in packages as*
5 *required under section 5932 or which are put up in*
6 *packages not bearing the marks, labels, and notices,*
7 *as required under such section.*

8 “(b) *EXCEPTION.—Paragraph (3) of subsection (a)*
9 *shall not prevent the sale or delivery of cannabis products*
10 *directly to consumers from proper packages, nor apply to*
11 *such articles when so sold or delivered.*

12 “(c) *LIABILITY TO TAX.—Any person who possesses*
13 *cannabis products in violation of paragraph (1) or (2) of*
14 *subsection (a) shall be liable for a tax equal to the tax on*
15 *such articles.*

16 **“SEC. 5934. RESTRICTIONS RELATING TO MARKS, LABELS,**
17 **NOTICES, AND PACKAGES.**

18 “*No person shall, with intent to defraud the United*
19 *States, destroy, obliterate, or detach any mark, label, or no-*
20 *tice prescribed or authorized, by this chapter or regulations*
21 *thereunder, to appear on, or be affixed to, any package of*
22 *cannabis products before such package is emptied.*

23 **“SEC. 5935. RESTRICTION ON IMPORTATION OF PRE-**
24 **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

25 “(a) *EXPORT LABELED CANNABIS PRODUCTS.—*

1 “(1) *IN GENERAL.*—*Cannabis products produced*
2 *in the United States and labeled for exportation*
3 *under this chapter—*

4 “(A) *may be transferred to or removed from*
5 *the premises of a producer or an export ware-*
6 *house proprietor only if such articles are being*
7 *transferred or removed without tax in accord-*
8 *ance with section 5904,*

9 “(B) *may be imported or brought into the*
10 *United States, after their exportation, only if*
11 *such articles either are eligible to be released*
12 *from customs custody with the partial duty ex-*
13 *emption provided in section 5904(d) or are re-*
14 *turned to the original producer of such article as*
15 *provided in section 5904(c), and*

16 “(C) *may not be sold or held for sale for do-*
17 *mestic consumption in the United States unless*
18 *such articles are removed from their export pack-*
19 *aging and repackaged by the original producer*
20 *into new packaging that does not contain an ex-*
21 *port label.*

22 “(2) *ALTERATIONS BY PERSONS OTHER THAN*
23 *ORIGINAL PRODUCER.*—*This section shall apply to ar-*
24 *ticles labeled for export even if the packaging or the*
25 *appearance of such packaging to the consumer of such*

1 *articles has been modified or altered by a person other*
 2 *than the original producer so as to remove or conceal*
 3 *or attempt to remove or conceal (including by the*
 4 *placement of a sticker over) any export label.*

5 *“(3) EXPORTS INCLUDE SHIPMENTS TO PUERTO*
 6 *RICO.—For purposes of this section, section 5904(d),*
 7 *section 5941, and such other provisions as the Sec-*
 8 *retary may specify by regulations, references to expor-*
 9 *tation shall be treated as including a reference to*
 10 *shipment to the Commonwealth of Puerto Rico.*

11 *“(b) EXPORT LABEL.—For purposes of this section, an*
 12 *article is labeled for export or contains an export label if*
 13 *it bears the mark, label, or notice required under section*
 14 *5904(b).*

15 **“Subchapter E—Penalties**

“Sec. 5941. Civil penalties.

“Sec. 5942. Criminal penalties.

16 **“SEC. 5941. CIVIL PENALTIES.**

17 *“(a) OMITTING THINGS REQUIRED OR DOING THINGS*
 18 *FORBIDDEN.—Whoever willfully omits, neglects, or refuses*
 19 *to comply with any duty imposed upon them by this chap-*
 20 *ter, or to do, or cause to be done, any of the things required*
 21 *by this chapter, or does anything prohibited by this chapter,*
 22 *shall in addition to any other penalty provided in this title,*
 23 *be liable to a penalty of \$10,000, to be recovered, with costs*
 24 *of suit, in a civil action, except where a penalty under sub-*

1 *section (b) or (c) or under section 6651 or 6653 or part*
2 *II of subchapter A of chapter 68 may be collected from such*
3 *person by assessment.*

4 “(b) *FAILURE TO PAY TAX.*—Whoever fails to pay any
5 *tax imposed by this chapter at the time prescribed by law*
6 *or regulations, shall, in addition to any other penalty pro-*
7 *vided in this title, be liable to a penalty of 10 percent of*
8 *the tax due but unpaid.*

9 “(c) *SALE OF CANNABIS OR CANNABIS PRODUCTS FOR*
10 *EXPORT.*—

11 “(1) *Every person who sells, relands, or receives*
12 *within the jurisdiction of the United States any can-*
13 *nabis products which have been labeled or shipped for*
14 *exportation under this chapter,*

15 “(2) *every person who sells or receives such re-*
16 *landed cannabis products, and*

17 “(3) *every person who aids or abets in such sell-*
18 *ing, relanding, or receiving,*

19 *shall, in addition to the tax and any other penalty provided*
20 *in this title, be liable for a penalty equal to the greater of*
21 *\$10,000 or 10 times the amount of the tax imposed by this*
22 *chapter. All cannabis products relanded within the jurisdic-*
23 *tion of the United States shall be forfeited to the United*
24 *States and destroyed. All vessels, vehicles, and aircraft used*
25 *in such relanding or in removing such cannabis products*

1 *from the place where reloaded, shall be forfeited to the*
 2 *United States.*

3 “(d) *APPLICABILITY OF SECTION 6665.—The penalties*
 4 *imposed by subsections (b) and (c) shall be assessed, col-*
 5 *lected, and paid in the same manner as taxes, as provided*
 6 *in section 6665(a).*

7 “(e) *CROSS REFERENCES.—For penalty for failure to*
 8 *make deposits or for overstatement of deposits, see section*
 9 *6656.*

10 **“SEC. 5942. CRIMINAL PENALTIES.**

11 “(a) *FRAUDULENT OFFENSES.—Whoever, with intent*
 12 *to defraud the United States—*

13 “(1) *engages in business as a cannabis enterprise*
 14 *without filing the application and obtaining the per-*
 15 *mit where required by this chapter or regulations*
 16 *thereunder,*

17 “(2) *fails to keep or make any record, return, re-*
 18 *port, or inventory, or keeps or makes any false or*
 19 *fraudulent record, return, report, or inventory, re-*
 20 *quired by this chapter or regulations thereunder,*

21 “(3) *refuses to pay any tax imposed by this*
 22 *chapter, or attempts in any manner to evade or de-*
 23 *feat the tax or the payment thereof,*

1 “(4) sells or otherwise transfers, contrary to this
2 chapter or regulations thereunder, any cannabis prod-
3 ucts subject to tax under this chapter, or

4 “(5) purchases, receives, or possesses, with intent
5 to redistribute or resell, any cannabis product—

6 “(A) upon which the tax has not been paid
7 or determined in the manner and at the time
8 prescribed by this chapter or regulations there-
9 under, or

10 “(B) which, without payment of tax pursu-
11 ant to section 5904, have been diverted from the
12 applicable purpose or use specified in that sec-
13 tion,

14 shall, for each such offense, be fined not more than \$10,000,
15 or imprisoned not more than 5 years, or both.

16 “(b) *LIABILITY TO TAX.*—Any person who possesses
17 cannabis products in violation of subsection (a) shall be lia-
18 ble for a tax equal to the tax on such articles.”.

19 “(c) *STUDY.*—Not later than 2 years after the date of
20 the enactment of this Act, and every 5 years thereafter, the
21 Secretary of the Treasury, or the Secretary’s delegate,
22 shall—

23 (1) conduct a study concerning the characteris-
24 tics of the cannabis industry, including the number of
25 persons operating cannabis enterprises at each level of

1 *such industry, the volume of sales, the amount of tax*
 2 *collected each year, and the areas of evasion, and*

3 *(2) submit to Congress recommendations to im-*
 4 *prove the regulation of the industry and the adminis-*
 5 *tration of the related tax.*

6 *(d) ANNUAL REPORTS REGARDING DETERMINATION*
 7 *OF APPLICABLE RATES.—Not later than 6 months before*
 8 *the beginning of each calendar year to which section*
 9 *5901(a)(2) of the Internal Revenue Code of 1986 (as added*
 10 *by this section) applies, the Secretary of the Treasury, or*
 11 *the Secretary’s delegate, shall make publicly available a de-*
 12 *tailed description of the methodology which the Secretary*
 13 *anticipates using to determine the applicable rate per ounce*
 14 *and the applicable rate per gram which will apply for such*
 15 *calendar year under section 5901(c)(2) of such Code.*

16 *(e) CONFORMING AMENDMENTS.—*

17 *(1) Section 6103(o)(1)(A) of the Internal Rev-*
 18 *enue Code of 1986 is amended by striking “and fire-*
 19 *arms” and inserting “firearms, and cannabis prod-*
 20 *ucts”.*

21 *(2) The table of chapters for subtitle E of such*
 22 *Code is amended by adding at the end the following*
 23 *new item:*

“CHAPTER 56. CANNABIS PRODUCTS”.

1 (3) *The table of sections for subchapter A of*
2 *chapter 98 of such Code is amended by adding at the*
3 *end the following new item:*

 “Sec. 9512. *Establishment of Opportunity Trust Fund.*”.

4 (f) *EFFECTIVE DATE.*—

5 (1) *IN GENERAL.*—*Except as otherwise provided*
6 *in this subsection, the amendments made by this sec-*
7 *tion shall apply to removals, and applications for*
8 *permits under section 5922 of the Internal Revenue*
9 *Code of 1986 (as added by subsection (b)), after 180*
10 *days after the date of the enactment of this Act.*

11 (2) *ESTABLISHMENT OF TRUST FUND.*—*The*
12 *amendment made by subsection (a) shall take effect*
13 *on the date of the enactment of this Act.*

14 **SEC. 6. OPPORTUNITY TRUST FUND PROGRAMS.**

15 (a) *CANNABIS JUSTICE OFFICE; COMMUNITY REIN-*
16 *VESTMENT GRANT PROGRAM.*—

17 (1) *CANNABIS JUSTICE OFFICE.*—*Part A of title*
18 *I of the Omnibus Crime Control and Safe Streets Act*
19 *of 1968 (34 U.S.C. 10101 et seq.) is amended by in-*
20 *serting after section 109 the following:*

21 **“SEC. 110. CANNABIS JUSTICE OFFICE.**

22 “(a) *ESTABLISHMENT.*—*There is established within*
23 *the Office of Justice Programs a Cannabis Justice Office.*

1 “(b) *DIRECTOR.*—*The Cannabis Justice Office shall be*
2 *headed by a Director who shall be appointed by the Assist-*
3 *ant Attorney General for the Office of Justice Programs.*
4 *The Director shall report to the Assistant Attorney General*
5 *for the Office of Justice Programs. The Director shall award*
6 *grants and may enter into compacts, cooperative agree-*
7 *ments, and contracts on behalf of the Cannabis Justice Of-*
8 *fice. The Director may not engage in any employment other*
9 *than that of serving as the Director, nor may the Director*
10 *hold any office in, or act in any capacity for, any organiza-*
11 *tion, agency, or institution with which the Office makes any*
12 *contract or other arrangement.*

13 “(c) *EMPLOYEES.*—

14 “(1) *IN GENERAL.*—*The Director shall employ as*
15 *many full-time employees as are needed to carry out*
16 *the duties and functions of the Cannabis Justice Of-*
17 *fice under subsection (d). Such employees shall be ex-*
18 *clusively assigned to the Cannabis Justice Office.*

19 “(2) *INITIAL HIRES.*—*Not later than 6 months*
20 *after the date of enactment of this section, the Direc-*
21 *tor shall—*

22 “(A) *hire no less than one-third of the total*
23 *number of employees of the Cannabis Justice Of-*
24 *fice; and*

5 “(3) *LEGAL COUNSEL.*—At least one employee
6 *hired for the Cannabis Justice Office shall serve as*
7 *legal counsel to the Director and shall provide counsel*
8 *to the Cannabis Justice Office.*

9 “(d) *DUTIES AND FUNCTIONS.*—*The Cannabis Justice*
10 *Office is authorized to—*

11 “(1) administer the Community Reinvestment
12 Grant Program; and

13 “(2) perform such other functions as the Assist-
14 ant Attorney General for the Office of Justice Pro-
15 grams may delegate, that are consistent with the stat-
16 utory obligations of this section.”.

(2) COMMUNITY REINVESTMENT GRANT PROGRAM.—Title I of the Omnibus Crime Control and Safe Streets Act of 1968 (34 U.S.C. et seq.) is amended by adding at the end the following:

21 ***“PART PP—COMMUNITY REINVESTMENT GRANT***
22 ***PROGRAM***

23 **“SEC. 3056. AUTHORIZATION.**

24 “(a) *IN GENERAL.*—The Director of the Cannabis Jus-
25 tice Office shall establish and carry out a grant program,

1 *known as the ‘Community Reinvestment Grant Program’,*
2 *to provide eligible entities with funds to administer services*
3 *for individuals adversely impacted by the War on Drugs,*
4 *including—*

5 “(1) job training;

6 “(2) reentry services;

7 “(3) legal aid for civil and criminal cases, in-
8 *cluding expungement of cannabis convictions;*

9 “(4) literacy programs;

10 “(5) youth recreation or mentoring programs;

11 *and*

12 “(6) health education programs.

13 “(b) *SUBSTANCE USE DISORDER SERVICES.—The Di-*
14 *rector, in consultation with the Secretary of Health and*
15 *Human Services, shall provide eligible entities with funds*
16 *to administer substance use disorder services for individuals*
17 *adversely impacted by the War on Drugs or connect pa-*
18 *tients with substance use disorder services. Also eligible for*
19 *such services are individuals who have been arrested for or*
20 *convicted of the sale, possession, use, manufacture, or cul-*
21 *tivation of a controlled substance other than cannabis (ex-*
22 *cept for a conviction involving distribution to a minor).*

1 **“SEC. 3057. FUNDING FROM OPPORTUNITY TRUST FUND.**

2 *“The Director shall carry out the program under this*
 3 *part using funds made available under section 9512(c)(1)*
 4 *and (2) of the Internal Revenue Code.*

5 **“SEC. 3058. DEFINITIONS.**

6 *“In this part:*

7 *“(1) The term ‘cannabis conviction’ means a*
 8 *conviction, or adjudication of juvenile delinquency,*
 9 *for a cannabis offense (as such term is defined in sec-*
 10 *tion 13 of the Marijuana Opportunity Reinvestment*
 11 *and Expungement Act).*

12 *“(2) The term ‘eligible entity’ means a nonprofit*
 13 *organization, as defined in section 501(c)(3) of the*
 14 *Internal Revenue Code, that is representative of a*
 15 *community or a significant segment of a community*
 16 *with experience in providing relevant services to indi-*
 17 *viduals adversely impacted by the War on Drugs in*
 18 *that community.*

19 *“(3) The term ‘individuals adversely impacted*
 20 *by the War on Drugs’ has the meaning given that*
 21 *term in section 6 of the Marijuana Opportunity Re-*
 22 *investment and Expungement Act.”.*

23 **(b) CANNABIS RESTORATIVE OPPORTUNITY PROGRAM;**
 24 **EQUITABLE LICENSING GRANT PROGRAM.—**

25 **(1) CANNABIS RESTORATIVE OPPORTUNITY PRO-**
 26 **GRAM.—***The Administrator of the Small Business Ad-*

1 *ministration shall establish and carry out a program,*
2 *to be known as the “Cannabis Restorative Oppor-*
3 *tunity Program”, to provide loans and technical as-*
4 *sistance under section 7(m) of the Small Business Act*
5 *(15 U.S.C. 636(m)) to assist small business concerns*
6 *owned and controlled by socially and economically*
7 *disadvantaged individuals that operate in eligible*
8 *States or localities.*

9 (2) *EQUITABLE LICENSING GRANT PROGRAM.—*

10 *The Administrator of the Small Business Administra-*
11 *tion shall establish and carry out a grant program,*
12 *to be known as the “Equitable Licensing Grant Pro-*
13 *gram”, to provide any eligible State or locality funds*
14 *to develop and implement equitable cannabis licens-*
15 *ing programs that minimize barriers to cannabis li-*
16 *censing and employment for individuals adversely*
17 *impacted by the War on Drugs, provided that each*
18 *grantee includes in its cannabis licensing program at*
19 *least four of the following elements:*

20 (A) *A waiver of cannabis license applica-*
21 *tion fees for individuals who report an income*
22 *below 250 percent of the Federal Poverty Level*
23 *for at least 5 of the past 10 years and who are*
24 *first-time applicants for a cannabis license.*

1 (B) A prohibition on the denial of a can-
2 nabis license based on a conviction for a can-
3 nabis offense that took place prior to State legal-
4 ization of cannabis or the date of enactment of
5 this Act, as appropriate.

6 (C) A prohibition on restrictions for licens-
7 ing relating to criminal convictions except with
8 respect to a criminal conviction related to own-
9 ing and operating a business.

10 (D) A prohibition on cannabis license hold-
11 ers engaging in suspicionless cannabis drug test-
12 ing of their prospective or current employees, ex-
13 cept with respect to drug testing for safety-sen-
14 sitive positions required under part 40 of title
15 49, Code of Federal Regulations.

16 (E) The establishment of a cannabis licens-
17 ing board that is reflective of the racial, ethnic,
18 economic, and gender composition of the eligible
19 State or locality, to serve as an oversight body
20 of the equitable licensing program.

21 (3) DEFINITIONS.—In this subsection:

22 (A) ELIGIBLE STATE OR LOCALITY.—The
23 term “eligible State or locality” means a State
24 or locality that has taken steps to—

1 (i) create an automatic process, at no
2 cost to the individual, for the expungement,
3 destruction, or sealing of criminal records
4 for cannabis offenses; and

5 (ii) eliminate violations or other pen-
6 alties for persons under parole, probation,
7 pre-trial, or other State or local criminal
8 supervision for a cannabis offense.

9 (B) *INDIVIDUAL ADVERSELY IMPACTED BY*
10 *THE WAR ON DRUGS.*—The term “individual ad-
11 versely impacted by the War on Drugs” means
12 an individual—

13 (i) who reports an income below 250
14 percent of the Federal Poverty Level for at
15 least 5 of the past 10 years; and

16 (ii) who has been arrested for or con-
17 victed of the sale, possession, use, manufac-
18 ture, or cultivation of cannabis (except for
19 a conviction involving distribution to a
20 minor), or whose parent, sibling, spouse, or
21 child has been arrested for or convicted of
22 such an offense.

23 (C) *SMALL BUSINESS CONCERN OWNED AND*
24 *CONTROLLED BY SOCIALLY AND ECONOMICALLY*
25 *DISADVANTAGED INDIVIDUALS.*—The term “small

1 *business concern owned and controlled by so-*
2 *cially and economically disadvantaged individ-*
3 *uals” has the meaning given in section*
4 *8(d)(3)(C) of the Small Business Act (15 U.S.C.*
5 *637(d)(3)(C)).*

6 *(D) STATE.—The term “State” means each*
7 *of the several States, the District of Columbia,*
8 *Puerto Rico, any territory or possession of the*
9 *United States, and any Indian Tribe (as defined*
10 *in section 201 of Public Law 90–294 (25 U.S.C.*
11 *1301) (commonly known as the “Indian Civil*
12 *Rights Act of 1968”)).*

13 *(c) STUDY ON PROGRAMS.—*

14 *(1) GAO STUDY.—The Comptroller General of*
15 *the United States, in consultation with the Adminis-*
16 *trator of the Small Business Administration, shall*
17 *conduct an annual study on the individuals and enti-*
18 *ties receiving assistance under the Cannabis Restora-*
19 *tive Opportunity and Equitable Licensing Programs.*
20 *This study shall include the types of assistance by*
21 *state, and a description of the efforts by the Small*
22 *Business Administration to increase access to capital*
23 *for cannabis-related small business concerns owned*
24 *and controlled by socially and economically disadvan-*
25 *tagged individuals, individuals adversely impacted by*

1 *the War on Drugs, as well as the racial, ethnic, eco-*
 2 *nomie and gender composition of the eligible State or*
 3 *locality.*

4 (2) *REPORT.*—Not later than 1 year after the
 5 *date of enactment of this Act, the Comptroller General*
 6 *of the United States shall submit a report on the re-*
 7 *sults of the study conducted under paragraph (1) to—*

8 (A) *the Committee on Small Business of the*
 9 *House of Representatives;*

10 (B) *the Committee on Small Business and*
 11 *Entrepreneurship of the Senate;*

12 (C) *the Committee on the Judiciary of the*
 13 *House of Representatives; and*

14 (D) *the Committee on the Judiciary of the*
 15 *Senate.*

16 **SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-**
 17 **TION PROGRAMS AND SERVICES TO CAN-**
 18 **NABIS-RELATED LEGITIMATE BUSINESSES**
 19 **AND SERVICE PROVIDERS.**

20 (a) *DEFINITIONS RELATING TO CANNABIS-RELATED*
 21 *LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.*—Sec-
 22 *tion 3 of the Small Business Act (15 U.S.C. 632) is amend-*
 23 *ed by adding at the end the following new subsection:*

24 “(gg) *CANNABIS-RELATED LEGITIMATE BUSINESSES*
 25 *AND SERVICE PROVIDERS.*—In this Act:

1 “(1) CANNABIS.—The term ‘cannabis’—

2 “(A) means—

3 “(i) all parts of the plant *Cannabis*
4 *sativa* L., whether growing or not;

5 “(ii) the seeds thereof;

6 “(iii) the resin extracted from any part
7 of such plant; and

8 “(iv) every compound, manufacture,
9 salt, derivative, mixture, or preparation of
10 such plant, its seeds or resin; and

11 “(B) does not include—

12 “(i) hemp, as defined in section 297A
13 of the Agricultural Marketing Act of 1946;

14 “(ii) the mature stalks of such plant,
15 fiber produced from such stalks, oil or cake
16 made from the seeds of such plant, any
17 other compound, manufacture, salt, deriva-
18 tive, mixture, or preparation of such ma-
19 ture stalks (except the resin extracted there-
20 from), fiber, oil, or cake, or the sterilized
21 seed of such plant which is incapable of ger-
22 mination; or

23 “(iii) any drug product approved
24 under section 505 of the Federal Food,
25 Drug, and Cosmetic Act, or biological prod-

1 *uct licensed under section 351 of the Public*
2 *Health Service Act.*

3 “(2) *CANNABIS-RELATED LEGITIMATE BUSI-*
4 *NESS.—The term ‘cannabis-related legitimate busi-*
5 *ness’ means a manufacturer, producer, or any person*
6 *or company that is a small business concern and*
7 *that—*

8 “(A) *engages in any activity described in*
9 *subparagraph (B) pursuant to a law established*
10 *by a State or a political subdivision of a State,*
11 *as determined by such State or political subdivi-*
12 *sion; and*

13 “(B) *participates in any business or orga-*
14 *nized activity that involves handling cannabis or*
15 *cannabis products, including cultivating, pro-*
16 *ducing, manufacturing, selling, transporting,*
17 *displaying, dispensing, distributing, or pur-*
18 *chasing cannabis or cannabis products.*

19 “(3) *SERVICE PROVIDER.—The term ‘service pro-*
20 *vider’—*

21 “(A) *means a business, organization, or*
22 *other person that—*

23 “(i) *sells goods or services to a can-*
24 *nabis-related legitimate business; or*

1 “(ii) provides any business services, in-
2 cluding the sale or lease of real or any other
3 property, legal or other licensed services, or
4 any other ancillary service, relating to can-
5 nabis; and

6 “(B) does not include a business, organiza-
7 tion, or other person that participates in any
8 business or organized activity that involves han-
9 dling cannabis or cannabis products, including
10 cultivating, producing, manufacturing, selling,
11 transporting, displaying, dispensing, distrib-
12 uting, or purchasing cannabis or cannabis prod-
13 ucts.”.

14 (b) *SMALL BUSINESS DEVELOPMENT CENTERS.*—Sec-
15 tion 21(c) of the Small Business Act (15 U.S.C. 648(c)) is
16 amended by adding at the end the following new paragraph:

17 “(9) *SERVICES FOR CANNABIS-RELATED LEGITI-*
18 *MATE BUSINESSES AND SERVICE PROVIDERS.*—A
19 small business development center may not decline to
20 provide services to an otherwise eligible small business
21 concern under this section solely because such concern
22 is a cannabis-related legitimate business or service
23 provider.”.

1 (c) *WOMEN’S BUSINESS CENTERS.*—Section 29 of the
 2 *Small Business Act (15 U.S.C. 656)* is amended by adding
 3 at the end the following new subsection:

4 “(p) *SERVICES FOR CANNABIS-RELATED LEGITIMATE*
 5 *BUSINESSES AND SERVICE PROVIDERS.*—A women’s busi-
 6 ness center may not decline to provide services to an other-
 7 wise eligible small business concern under this section solely
 8 because such concern is a cannabis-related legitimate busi-
 9 ness or service provider.”.

10 (d) *SCORE.*—Section 8(b)(1)(B) of the *Small Business*
 11 *Act (15 U.S.C. 637(b)(1)(B))* is amended by adding at the
 12 end the following new sentence: “The head of the *SCORE*
 13 program established under this subparagraph may not de-
 14 cline to provide services to an otherwise eligible small busi-
 15 ness concern solely because such concern is a cannabis-re-
 16 lated legitimate business or service provider.”.

17 (e) *VETERAN BUSINESS OUTREACH CENTERS.*—Sec-
 18 tion 32 of the *Small Business Act (15 U.S.C. 657b)* is
 19 amended by adding at the end the following new subsection:

20 “(h) *SERVICES FOR CANNABIS-RELATED LEGITIMATE*
 21 *BUSINESSES AND SERVICE PROVIDERS.*—A Veteran Busi-
 22 ness Outreach Center may not decline to provide services
 23 to an otherwise eligible small business concern under this
 24 section solely because such concern is a cannabis-related le-
 25 gitimate business or service provider.”.

1 (f) *SECTION 7(a) LOANS.*—Section 7(a) of the Small
 2 Business Act (15 U.S.C. 636(a)) is amended by adding at
 3 the end the following new paragraph:

4 “(38) *LOANS TO CANNABIS-RELATED LEGITIMATE*
 5 *BUSINESSES AND SERVICE PROVIDERS.*—The Admin-
 6 istrator may not decline to provide a guarantee for
 7 a loan under this subsection, and a lender may not
 8 decline to make a loan under this subsection, to an
 9 otherwise eligible small business concern solely be-
 10 cause such concern is a cannabis-related legitimate
 11 business or service provider.”.

12 (g) *DISASTER LOANS.*—Section 7(b) of the Small
 13 Business Act (15 U.S.C. 636(b)) is amended by inserting
 14 after paragraph (15) the following new paragraph:

15 “(16) *ASSISTANCE TO CANNABIS-RELATED LE-*
 16 *GITIMATE BUSINESSES AND SERVICE PROVIDERS.*—
 17 The Administrator may not decline to provide assist-
 18 ance under this subsection to an otherwise eligible
 19 small business concern solely because such concern is
 20 a cannabis-related legitimate business or service pro-
 21 vider.”.

22 (h) *MICROLOANS.*—Section 7(m) of the Small Business
 23 Act (15 U.S.C. 636(m)) is amended by adding at the end
 24 the following new paragraph:

1 “(14) *ASSISTANCE TO CANNABIS-RELATED LE-*
 2 *GITIMATE BUSINESSES AND SERVICE PROVIDERS.—*
 3 *The Administrator may not decline to make a loan*
 4 *or a grant under this subsection, and an eligible*
 5 *intermediary may not decline to provide assistance*
 6 *under this subsection to an otherwise eligible bor-*
 7 *rower, eligible intermediary, or eligible nonprofit en-*
 8 *tity (as applicable) solely because such borrower,*
 9 *intermediary, or nonprofit entity is a cannabis-re-*
 10 *lated legitimate business or service provider.”.*

11 *(i) SMALL BUSINESS INVESTMENT COMPANY DEBEN-*
 12 *TURES TO FINANCE CANNABIS-RELATED LEGITIMATE*
 13 *BUSINESSES AND SERVICE PROVIDERS.—Part A of title III*
 14 *of the Small Business Investment Act of 1958 (15 U.S.C.*
 15 *681 et seq.) is amended by adding at the end the following*
 16 *new section:*

17 **“SEC. 321. DEBENTURES TO FINANCE CANNABIS-RELATED**
 18 **LEGITIMATE BUSINESSES AND SERVICE PRO-**
 19 **VIDERS.**

20 “(a) *GUARANTEES.—The Administrator may not de-*
 21 *cline to purchase or guarantee a debenture made under this*
 22 *title to an otherwise eligible small business investment com-*
 23 *pany solely because such small business investment com-*
 24 *pany provides financing to an entity that is a cannabis-*

1 *related legitimate business or service provider (as defined*
 2 *in section 7(a)(38) of the Small Business Act).*

3 “(b) *OTHER ASSISTANCE.*—*A small business invest-*
 4 *ment company may not decline to provide assistance under*
 5 *this title to an otherwise eligible small business concern sole-*
 6 *ly because such small business concern is a cannabis-related*
 7 *legitimate business or service provider (as defined in section*
 8 *7(a)(38) of the Small Business Act).*”.

9 (j) *STATE OR LOCAL DEVELOPMENT COMPANY*
 10 *LOANS.*—*Title V of the Small Business Investment Act of*
 11 *1958 (15 U.S.C. 695 et seq.) is amended by adding at the*
 12 *end the following new section:*

13 “**SEC. 511. LOANS TO FINANCE CANNABIS-RELATED LEGITI-**
 14 **MATE BUSINESSES AND SERVICE PROVIDERS.**

15 “(a) *LOANS AND LOAN GUARANTEES.*—*The Adminis-*
 16 *trator may not decline to make or provide a guarantee for*
 17 *a loan under this title to an otherwise eligible qualified*
 18 *State or local development company solely because such*
 19 *qualified State or local development company provides fi-*
 20 *nancing to an entity that is a cannabis-related legitimate*
 21 *business or service provider (as defined in section 7(a)(38)*
 22 *of the Small Business Act).*

23 “(b) *OTHER ASSISTANCE.*—*A qualified State or local*
 24 *development company may not decline to provide assistance*
 25 *under this title to an otherwise eligible small business con-*

cern solely because such small business concern is a cannabis-related legitimate business or service provider (as defined in section 7(a)(38) of the Small Business Act).”.

SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FEDERAL PUBLIC BENEFIT ON THE BASIS OF CANNABIS.

(a) *IN GENERAL.*—No person may be denied any Federal public benefit (as such term is defined in section 401(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c))) on the basis of any use or possession of cannabis, or on the basis of a conviction or adjudication of juvenile delinquency for a cannabis offense, by that person.

(b) *SECURITY CLEARANCES.*—Federal agencies may not use past or present cannabis or marijuana use as criteria for granting, denying, or rescinding a security clearance.

SEC. 9. NO ADVERSE EFFECT FOR PURPOSES OF THE IMMIGRATION LAWS.

(a) *IN GENERAL.*—For purposes of the immigration laws (as such term is defined in section 101 of the Immigration and Nationality Act), cannabis may not be considered a controlled substance, and an alien may not be denied any benefit or protection under the immigration laws based on any event, including conduct, a finding, an admission, ad-

1 *diction or abuse, an arrest, a juvenile adjudication, or a*
2 *conviction, relating to cannabis, regardless of whether the*
3 *event occurred before, on, or after the effective date of this*
4 *Act.*

5 (b) *CANNABIS DEFINED.*—*The term “cannabis”—*

6 (1) *means all parts of the plant Cannabis sativa*
7 *L., whether growing or not; the seeds thereof; the resin*
8 *extracted from any part of such plant; and every*
9 *compound, manufacture, salt, derivative, mixture, or*
10 *preparation of such plant, its seeds or resin; and*

11 (2) *does not include—*

12 (A) *hemp, as defined in section 297A of the*
13 *Agricultural Marketing Act of 1946;*

14 (B) *the mature stalks of such plant, fiber*
15 *produced from such stalks, oil or cake made from*
16 *the seeds of such plant, any other compound,*
17 *manufacture, salt, derivative, mixture, or prepa-*
18 *ration of such mature stalks (except the resin ex-*
19 *tracted therefrom), fiber, oil, or cake, or the steri-*
20 *lized seed of such plant which is incapable of*
21 *germination; or*

22 (C) *any drug product approved under sec-*
23 *tion 505 of the Federal Food, Drug, and Cos-*
24 *metic Act, or biological product licensed under*
25 *section 351 of the Public Health Service Act.*

1 (c) *CONFORMING AMENDMENTS TO IMMIGRATION AND*
2 *NATIONALITY ACT.—The Immigration and Nationality Act*
3 *(8 U.S.C. 1101 et seq.) is amended—*

4 (1) *in section 212(h), by striking “and subpara-*
5 *graph (A)(i)(II) of such subsection insofar as it re-*
6 *lates to a single offense of simple possession of 30*
7 *grams or less of marijuana”;*

8 (2) *in section 237(a)(2)(B)(i), by striking “other*
9 *than a single offense involving possession for one’s*
10 *own use of 30 grams or less of marijuana”;*

11 (3) *in section 101(f)(3), by striking “(except as*
12 *such paragraph relates to a single offense of simple*
13 *possession of 30 grams or less of marihuana)”;*

14 (4) *in section 244(c)(2)(A)(iii)(II) by striking*
15 *“except for so much of such paragraph as relates to*
16 *a single offense of simple possession of 30 grams or*
17 *less of marijuana”;*

18 (5) *in section 245(h)(2)(B) by striking “(except*
19 *for so much of such paragraph as related to a single*
20 *offense of simple possession of 30 grams or less of*
21 *marijuana)”;*

22 (6) *in section 210(c)(2)(B)(ii)(III) by striking “,*
23 *except for so much of such paragraph as relates to a*
24 *single offense of simple possession of 30 grams or less*
25 *of marihuana”; and*

1 (7) in section 245A(d)(2)(B)(ii)(II) by striking
 2 “, except for so much of such paragraph as relates to
 3 a single offense of simple possession of 30 grams or
 4 less of marihuana”.

5 **SEC. 10. RESENTENCING AND EXPUNGEMENT.**

6 (a) *EXPUNGEMENT OF NON-VIOLENT FEDERAL CAN-*
 7 *NABIS OFFENSE CONVICTIONS FOR INDIVIDUALS NOT*
 8 *UNDER A CRIMINAL JUSTICE SENTENCE.—*

9 (1) *IN GENERAL.*—Not later than 1 year after
 10 the date of the enactment of this Act, each Federal
 11 district shall conduct a comprehensive review and
 12 issue an order expunging each conviction or adjudica-
 13 tion of juvenile delinquency for a non-violent Federal
 14 cannabis offense entered by each Federal court in the
 15 district before the date of enactment of this Act and
 16 on or after May 1, 1971. Each Federal court shall
 17 also issue an order expunging any arrests associated
 18 with each expunged conviction or adjudication of ju-
 19 venile delinquency.

20 (2) *NOTIFICATION.*—To the extent practicable,
 21 each Federal district shall notify each individual
 22 whose arrest, conviction, or adjudication of delin-
 23 quency has been expunged pursuant to this subsection
 24 that their arrest, conviction, or adjudication of juve-

1 *nile delinquency has been expunged, and the effect of*
 2 *such expungement.*

3 (3) *RIGHT TO PETITION COURT FOR*
 4 *EXPUNGEMENT.*—*At any point after the date of enact-*
 5 *ment of this Act, any individual with a prior convic-*
 6 *tion or adjudication of juvenile delinquency for a*
 7 *non-violent Federal cannabis offense, who is not*
 8 *under a criminal justice sentence, may file a motion*
 9 *for expungement. If the expungement of such a convic-*
 10 *tion or adjudication of juvenile delinquency is re-*
 11 *quired pursuant to this Act, the court shall expunge*
 12 *the conviction or adjudication, and any associated ar-*
 13 *rests. If the individual is indigent, counsel shall be*
 14 *appointed to represent the individual in any pro-*
 15 *ceedings under this subsection.*

16 (4) *SEALED RECORD.*—*The court shall seal all*
 17 *records related to a conviction or adjudication of ju-*
 18 *venile delinquency that has been expunged under this*
 19 *subsection. Such records may only be made available*
 20 *by further order of the court.*

21 (b) *SENTENCING REVIEW FOR INDIVIDUALS UNDER A*
 22 *CRIMINAL JUSTICE SENTENCE.*—

23 (1) *IN GENERAL.*—*For any individual who is*
 24 *under a criminal justice sentence for a non-violent*
 25 *Federal cannabis offense, the court that imposed the*

1 *sentence shall, on motion of the individual, the Direc-*
2 *tor of the Bureau of Prisons, the attorney for the Gov-*
3 *ernment, or the court, conduct a sentencing review*
4 *hearing. If the individual is indigent, counsel shall be*
5 *appointed to represent the individual in any sen-*
6 *tencing review proceedings under this subsection.*

7 (2) *POTENTIAL REDUCED RESENTENCING.—After*
8 *a sentencing hearing under paragraph (1), a court*
9 *shall—*

10 (A) *expunge each conviction or adjudication*
11 *of juvenile delinquency for a non-violent Federal*
12 *cannabis offense entered by the court before the*
13 *date of enactment of this Act, and any associated*
14 *arrest;*

15 (B) *vacate the existing sentence or disposi-*
16 *tion of juvenile delinquency and, if applicable,*
17 *impose any remaining sentence or disposition of*
18 *juvenile delinquency on the individual as if this*
19 *Act, and the amendments made by this Act, were*
20 *in effect at the time the offense was committed;*
21 *and*

22 (C) *order that all records related to a con-*
23 *viction or adjudication of juvenile delinquency*
24 *that has been expunged or a sentence or disposi-*
25 *tion of juvenile delinquency that has been va-*

1 *cated under this Act be sealed and only be made*
2 *available by further order of the court.*

3 (c) *EFFECT OF EXPUNGEMENT.*—*An individual who*
4 *has had an arrest, a conviction, or juvenile delinquency ad-*
5 *judication expunged under this section—*

6 (1) *may treat the arrest, conviction, or adjudica-*
7 *tion as if it never occurred; and*

8 (2) *shall be immune from any civil or criminal*
9 *penalties related to perjury, false swearing, or false*
10 *statements, for a failure to disclose such arrest, con-*
11 *viction, or adjudication.*

12 (d) *EXCEPTION.*—*An individual who at sentencing re-*
13 *ceived an aggravating role adjustment pursuant to United*
14 *States Sentencing Guideline 3B1.1(a) in relation to a Fed-*
15 *eral cannabis offense conviction shall not be eligible for*
16 *expungement of that Federal cannabis offense conviction*
17 *under this section.*

18 (e) *DEFINITIONS.*—*In this section:*

19 (1) *The term “Federal cannabis offense” means*
20 *an offense that is no longer punishable pursuant to*
21 *this Act or the amendments made under this Act.*

22 (2) *The term “expunge” means, with respect to*
23 *an arrest, a conviction, or a juvenile delinquency ad-*
24 *judication, the removal of the record of such arrest,*

1 *conviction, or adjudication from each official index or*
2 *public record.*

3 (3) *The term “under a criminal justice sentence”*
4 *means, with respect to an individual, that the indi-*
5 *vidual is serving a term of probation, parole, super-*
6 *vised release, imprisonment, official detention, pre-re-*
7 *lease custody, or work release, pursuant to a sentence*
8 *or disposition of juvenile delinquency imposed on or*
9 *after the effective date of the Controlled Substances*
10 *Act (May 1, 1971).*

11 (f) *STUDY.—The Comptroller General of the United*
12 *States, in consultation with the Secretary of Health and*
13 *Human Services, shall conduct a demographic study of in-*
14 *dividuals convicted of a Federal cannabis offense. Such*
15 *study shall include information about the age, race, eth-*
16 *nicity, sex, and gender identity of those individuals, the*
17 *type of community such users dwell in, and such other de-*
18 *mographic information as the Comptroller General deter-*
19 *mines should be included.*

20 (g) *REPORT.—Not later than 2 years after the date*
21 *of the enactment of this Act, the Comptroller General of the*
22 *United States shall report to Congress the results of the*
23 *study conducted under subsection (f).*

1 **SEC. 11. REFERENCES IN EXISTING LAW TO MARIJUANA OR**
2 **MARIHUANA.**

3 *Wherever, in the statutes of the United States or in*
4 *the rulings, regulations, or interpretations of various ad-*
5 *ministrative bureaus and agencies of the United States—*

6 *(1) there appears or may appear the term “mar-*
7 *ihuana” or “marijuana”, that term shall be struck*
8 *and the term “cannabis” shall be inserted; and*

9 *(2) there appears or may appear the term “Mar-*
10 *ihuana” or “Marijuana”, that term shall be struck*
11 *and the term “Cannabis” shall be inserted.*

12 **SEC. 12. SEVERABILITY.**

13 *If any provision of this Act or an amendment made*
14 *by this Act, or any application of such provision to any*
15 *person or circumstance, is held to be unconstitutional, the*
16 *remainder of this Act, the amendments made by this Act,*
17 *and the application of this Act and the amendments made*
18 *by this Act to any other person or circumstance shall not*
19 *be affected.*

20 **SEC. 13. CANNABIS OFFENSE DEFINED.**

21 *For purposes of this Act, the term “cannabis offense”*
22 *means a criminal offense related to cannabis—*

23 *(1) that, under Federal law, is no longer punish-*
24 *able pursuant to this Act or the amendments made*
25 *under this Act; or*

1 (2) *that, under State law, is no longer an offense*
2 *or that was designated a lesser offense or for which*
3 *the penalty was reduced under State law pursuant to*
4 *or following the adoption of a State law authorizing*
5 *the sale or use of cannabis.*

6 **SEC. 14. RULEMAKING.**

7 *Unless otherwise provided in this Act, not later than*
8 *1 year after the date of enactment of this Act, the Depart-*
9 *ment of the Treasury, the Department of Justice, and the*
10 *Small Business Administration shall issue or amend any*
11 *rules, standard operating procedures, and other legal or pol-*
12 *icy guidance necessary to carry out implementation of this*
13 *Act. After the 1-year period, any publicly issued sub-regu-*
14 *latory guidance, including any compliance guides, manu-*
15 *als, advisories and notices, may not be issued without 60-*
16 *day notice to appropriate congressional committees. Notice*
17 *shall include a description and justification for additional*
18 *guidance.*

19 **SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION**
20 **STUDY.**

21 *The Comptroller General of the United States shall,*
22 *not later than 2 years after the date of enactment of this*
23 *Act, provide to Congress a study that addresses the societal*
24 *impact of the legalization of recreational cannabis by*
25 *States, including—*

- 1 (1) *sick days reported to employers;*
- 2 (2) *workers compensations claims;*
- 3 (3) *tax revenue remitted to States resulting from*
4 *legal marijuana sales;*
- 5 (4) *changes in government spending related to*
6 *enforcement actions and court proceedings;*
- 7 (5) *Federal welfare assistance applications;*
- 8 (6) *rate of arrests related to methamphetamine*
9 *possession;*
- 10 (7) *hospitalization rates related to methamphet-*
11 *amine and narcotics use;*
- 12 (8) *uses of marijuana and its byproducts for*
13 *medical purposes;*
- 14 (9) *uses of marijuana and its byproducts for*
15 *purposes relating to the health, including the mental*
16 *health, of veterans;*
- 17 (10) *arrest rates of individuals driving under the*
18 *influence or driving while intoxicated by marijuana;*
- 19 (11) *traffic-related deaths and injuries where the*
20 *driver is impaired by marijuana;*
- 21 (12) *arrest of minors for marijuana-related*
22 *charges;*
- 23 (13) *violent crime rates;*
- 24 (14) *school suspensions, expulsions, and law en-*
25 *forcement referrals that are marijuana-related;*

1 (15) *high school dropout rates;*

2 (16) *changes in district-wide and State-wide*
3 *standardized test scores;*

4 (17) *marijuana-related hospital admissions and*
5 *poison control calls;*

6 (18) *marijuana-related juvenile admittances into*
7 *substance rehabilitation facilities and mental health*
8 *clinics;*

9 (19) *diversion of marijuana into neighboring*
10 *States and drug seizures in neighboring States;*

11 (20) *marijuana plants grown on public lands in*
12 *contravention to Federal and State laws; and*

13 (21) *court filings under a State's organized*
14 *crime statutes.*

Union Calendar No. 203

117TH CONGRESS
2D Session

H. R. 3617

[Report No. 117-276, Part I]

A BILL

To decriminalize and deschedule cannabis, to provide for reinvestment in certain persons adversely impacted by the War on Drugs, to provide for expungement of certain cannabis offenses, and for other purposes.

MARCH 24, 2022

Reported from the Committee on the Judiciary with an amendment

MARCH 24, 2022

Committees on Energy and Commerce, Agriculture, Education and Labor, Ways and Means, Small Business, Natural Resources, Oversight and Reform, and Transportation and Infrastructure discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed