

117TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

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.

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IN THE SENATE OF THE UNITED STATES

Mr. BOOKER (for himself, Mr. WYDEN, and Mr. SCHUMER) introduced the following bill; which was read twice and referred to the Committee on

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**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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Cannabis Administration and Opportunity Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

## 2

- Sec. 2. Findings.
- Sec. 3. Definitions.

TITLE I—DECRIMINALIZATION OF CANNABIS, PUBLIC SAFETY,  
AND STATES' RIGHTS

Subtitle A—Decriminalization of Cannabis

- Sec. 101. Decriminalization of cannabis.
- Sec. 102. Transferring agency functions with regard to cannabis.

Subtitle B—Public Safety and States' Rights

- Sec. 111. States' rights.
- Sec. 112. Diversion of cannabis.
- Sec. 113. Additional and cumulative remedies.

TITLE II—RESEARCH, TRAINING, AND PREVENTION

- Sec. 201. Societal impact of cannabis legalization study.
- Sec. 202. Public health research.
- Sec. 203. Cannabis-related highway safety research.
- Sec. 204. Grant programs to prevent impaired driving due to cannabis use.

TITLE III—RESTORATIVE JUSTICE AND OPPORTUNITY

Subtitle A—Opportunity Trust Fund Programs

- Sec. 301. Opportunity trust fund programs.
- Sec. 302. Comprehensive opioid, stimulant, and substance use disorder program.
- Sec. 303. Availability of small business administration programs and services to cannabis-related legitimate businesses and service providers.
- Sec. 304. Demographic data of cannabis business owners and employees.

Subtitle B—Restorative Justice

- Sec. 311. Resentencing and expungement.
- Sec. 312. No discrimination in the provision of a federal public benefit on the basis of cannabis.
- Sec. 313. No adverse effect for purposes of the immigration laws.
- Sec. 314. Provision by health care providers of the Department of Veterans Affairs of recommendations and opinions regarding veteran participation in State cannabis programs.
- Sec. 315. Provision by health care providers of Indian health programs of recommendations and opinions regarding participation in State cannabis programs.

TITLE IV—TAXATION AND ESTABLISHMENT OF TRUST FUND

- Sec. 401. Creation of Opportunity Trust Fund and imposition of taxes with respect to cannabis products.

TITLE V—PUBLIC HEALTH, CANNABIS ADMINISTRATION, AND  
TRADE PRACTICES

Subtitle A—Public Health

- Sec. 501. FDA regulation of cannabis.

- Sec. 502. Amendments to the Federal Food, Drug, and Cosmetic Act.
- Sec. 503. Expedited review.
- Sec. 504. Research on cannabis.
- Sec. 505. Regulation of cannabidiol.
- Sec. 506. Amendment to the Poison Prevention Packaging Act.

Subtitle B—Federal Cannabis Administration

- Sec. 511. Federal cannabis administration.
- Sec. 512. Increased funding for the Alcohol, Tobacco, and Cannabis Tax and Trade Bureau.

TITLE VI—MISCELLANEOUS

- Sec. 601. Comptroller General review of laws and regulations.
- Sec. 602. Severability.

1 **SEC. 2. FINDINGS.**

2 The Congress finds as follows:

3 (1) The communities that have been most  
4 harmed by cannabis prohibition are benefitting the  
5 least from the legal marijuana marketplace.

6 (2) A legacy of racial and ethnic injustices,  
7 compounded by the disproportionate collateral con-  
8 sequences of 80 years of cannabis prohibition en-  
9 forcement, now limits participation in the industry.

10 (3) 37 States, the District of Columbia, Puerto  
11 Rico, Guam, and the U.S. Virgin Islands have  
12 adopted laws allowing legal access to cannabis, and  
13 18 States, the District of Columbia, the Common-  
14 wealth of the Northern Mariana Islands, and Guam  
15 have adopted laws legalizing cannabis for adult rec-  
16 reational use.

1           (4) A total of 49 States have reformed their  
2 laws pertaining to cannabis despite the Schedule I  
3 status of marijuana and its Federal criminalization.

4           (5) Legal cannabis businesses support more  
5 than 321,000 jobs throughout the United States.

6           (6) Legal cannabis sales totaled  
7 \$20,000,000,000 in 2020 and are projected to reach  
8 \$40,500,000,000 by 2025.

9           (7) According to the American Civil Liberties  
10 Union (ACLU), enforcing cannabis prohibition laws  
11 costs taxpayers approximately \$3,600,000,000 a  
12 year.

13           (8) The continued enforcement of cannabis pro-  
14 hibition laws results in over 600,000 arrests annu-  
15 ally, disproportionately impacting people of color  
16 who are almost 4 times more likely to be arrested  
17 for cannabis possession than their White counter-  
18 parts, despite equal rates of use across populations.

19           (9) People of color have been historically tar-  
20 geted by discriminatory sentencing practices result-  
21 ing in Black men receiving drug sentences that are  
22 13.1 percent longer than sentences imposed for  
23 White men and Latinos being nearly 6.5 times more  
24 likely to receive a Federal sentence for cannabis pos-  
25 session than non-Hispanic Whites.

1           (10) In 2013, simple cannabis possession was  
2 the fourth most common cause of deportation for  
3 any offense and the most common cause of deporta-  
4 tion for drug law violations.

5           (11) Fewer than one-fifth of cannabis business  
6 owners identify as minorities and only approximately  
7 2 percent are black.

8           (12) Applicants for cannabis licenses are lim-  
9 ited by numerous laws, regulations, and exorbitant  
10 permit applications, licensing fees, and costs in these  
11 States, which can require more than \$700,000.

12           (13) Historically disproportionate arrest and  
13 conviction rates make it particularly difficult for  
14 people of color to enter the legal cannabis market-  
15 place, as most States bar these individuals from par-  
16 ticipating.

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

20           (15) Some States and municipalities have taken  
21 proactive steps to mitigate inequalities in the legal  
22 cannabis marketplace and ensure equal participation  
23 in the industry.

24 **SEC. 3. DEFINITIONS.**

25 For purposes of this Act—

1           (1) CANNABIS.—The term “cannabis” has the  
2 same meaning given such term in subsection (ss) of  
3 section 201 of the Federal Food, Drug, and Cos-  
4 metic Act (21 U.S.C. 321) (as added by section 502  
5 of this Act).

6           (2) CANNABIS OFFENSE.—The term “cannabis  
7 offense” means a criminal offense related to can-  
8 nabis—

9                   (A) that, under Federal law, is no longer  
10 punishable pursuant to this Act or the amend-  
11 ments made under this Act; or

12                   (B) that, under State law, is no longer an  
13 offense or that was designated a lesser offense  
14 or for which the penalty was reduced under  
15 State law pursuant to or following the adoption  
16 of a State law authorizing the sale or use of  
17 cannabis.

18 **TITLE I—DECRIMINALIZATION**  
19 **OF CANNABIS, PUBLIC SAFE-**  
20 **TY, AND STATES’ RIGHTS**

21 **Subtitle A—Decriminalization of**  
22 **Cannabis**

23 **SEC. 101. DECRIMINALIZATION OF CANNABIS.**

24           (a) CANNABIS REMOVED FROM SCHEDULE OF CON-  
25 TROLLED SUBSTANCES.—

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

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

5                       (B)           by           striking           “(17)  
6           Tetrahydrocannabinols,           except           for  
7           tetrahydrocannabinols in hemp (as defined in  
8           section 297A of the Agricultural Marketing Act  
9           of 1946).”.

10           (2) REMOVAL FROM SCHEDULE.—Not later  
11           than 180 days after the date of the enactment of  
12           this Act, the Attorney General shall finalize a rule-  
13           making under section 201(a)(2) of the Controlled  
14           Substances Act (21 U.S.C. 811(a)(2)) removing  
15           marihuana and tetrahydrocannabinols from the  
16           schedules of controlled substances. For the purposes  
17           of the Controlled Substances Act, marihuana and  
18           tetrahydrocannabinols shall each be deemed to be a  
19           drug or other substance that does not meet the re-  
20           quirements for inclusion in any schedule. A rule-  
21           making under this paragraph shall be considered to  
22           have taken effect as of the date of enactment of this  
23           Act for purposes of any offense committed, case  
24           pending, conviction entered, and, in the case of a ju-  
25           venile, any offense committed, case pending, and ad-

1       judication of juvenile delinquency entered before, on,  
2       or after the date of enactment of this Act.

3       (b) CONFORMING AMENDMENTS TO CONTROLLED  
4 SUBSTANCES ACT.—The Controlled Substances Act (21  
5 U.S.C. 801 et seq.) is amended—

6           (1) in section 102 (21 U.S.C. 802)—

7               (A) by striking paragraph (16); and

8               (B) in paragraph (44), by striking “mari-  
9 huana,”;

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

11           (A) in paragraph (1)—

12               (i) in subparagraph (A)—

13                   (I) in clause (vi), by inserting  
14 “or” after the semicolon;

15                   (II) by striking clause (vii); and

16                   (III) by redesignating clause  
17 (viii) as clause (vii);

18           (ii) in subparagraph (B)—

19               (I) in clause (vi), by inserting  
20 “or” after the semicolon;

21               (II) by striking clause (vii); and

22               (III) by redesignating clause  
23 (viii) as clause (vii);

24           (iii) in subparagraph (C), in the first  
25 sentence, by striking “subparagraphs (A),



1 (B), and (D)” and inserting “subpara-  
2 graphs (A) and (B)”;

3 (iv) by striking subparagraph (D);

4 (v) by redesignating subparagraph (E)  
5 as subparagraph (D); and

6 (vi) in subparagraph (D)(i), as so re-  
7 designated, by striking “subparagraphs (C)  
8 and (D)” and inserting “subparagraph  
9 (C)”;

10 (B) by striking paragraph (4); and

11 (C) by redesignating paragraphs (5), (6),  
12 and (7) as paragraphs (4), (5), and (6), respec-  
13 tively;

14 (3) in section 402(c)(2)(B) (21 U.S.C.  
15 842(c)(2)(B)), by striking “, marihuana,”;

16 (4) in section 403(d)(1) (21 U.S.C. 843(d)(1)),  
17 by striking “, marihuana,”;

18 (5) in section 418(a) (21 U.S.C. 859(a)), by  
19 striking the last sentence;

20 (6) in section 419(a) (21 U.S.C. 860(a)), by  
21 striking the last sentence;

22 (7) in section 422(d) (21 U.S.C. 863(d))—

23 (A) in the matter preceding paragraph (1),  
24 by striking “marijuana, cocaine, hashish, hash-  
25 ish oil,” and inserting “cocaine,”; and

1 (B) in paragraph (5), by striking “, such  
2 as a marihuana cigarette,”;

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

6 (9) in section 1010(b) (21 U.S.C. 960(b))—

7 (A) in paragraph (1)—

8 (i) in subparagraph (F), by inserting  
9 “or” after the semicolon;

10 (ii) by striking subparagraph (G);

11 (iii) by redesignating subparagraph  
12 (H) as subparagraph (G); and

13 (iv) in subparagraph (G), as so redес-  
14 igned, by striking the period at the end  
15 and inserting a semicolon;

16 (B) in paragraph (2)—

17 (i) in subparagraph (F), by inserting  
18 “or” after the semicolon;

19 (ii) by striking subparagraph (G);

20 (iii) by redesignating subparagraph  
21 (H) as subparagraph (G); and

22 (iv) in subparagraph (G), as so redес-  
23 igned, by striking the period at the end  
24 and inserting a semicolon;

25 (C) by striking paragraph (4); and

1 (D) by redesignating paragraphs (5), (6),  
2 and (7) as paragraphs (4), (5), and (6), respec-  
3 tively.

4 (c) OTHER CONFORMING AMENDMENTS.—

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

9 (A) in section 15002(a) (16 U.S.C.  
10 559b(a)) by striking “marijuana and other”;

11 (B) in section 15003(2) (16 U.S.C.  
12 559c(2)) by striking “marijuana and other”;  
13 and

14 (C) in section 15004(2) (16 U.S.C.  
15 559d(2)) by striking “marijuana and other”.

16 (2) INTERCEPTION OF COMMUNICATIONS.—Sec-  
17 tion 2516 of title 18, United States Code, is amend-  
18 ed—

19 (A) in subsection (1)(e), by striking “mari-  
20 huana,”; and

21 (B) in subsection (2) by striking “mari-  
22 huana”.

23 (3) FMCSA PROVISIONS.—

24 (A) CONFORMING AMENDMENT.—Section  
25 31301(5) of title 49, United States Code, is

1 amended by striking “section 31306,” and in-  
2 serting “sections 31306, 31306a, and sub-  
3 sections (b) and (c) of section 31310,”.

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

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

9 (ii) by striking the period at the end  
10 and inserting “; and

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

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

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

21 (4) FAA PROVISIONS.—Section 45101 of title  
22 49, United States Code, is amended—

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

25 “(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  
6 by the Secretary of Transportation.”.

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

9 (A) by striking “means any substance”  
10 and 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  
17 by 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”  
21 and 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           (7) PRISON CONTRABAND.—Section 1791(d)(1)  
7 of title 18, United States Code, is amended—

8           (A) in subparagraph (A), by striking  
9 “marijuana or”;

10           (B) in subparagraph (B), by striking  
11 “marijuana or”; and

12           (C) in subparagraph (D), by inserting “,  
13 cannabis, as defined in section 3 of the Can-  
14 nabis Administration and Opportunity Act,”  
15 after “subsection”).

16           (8) OTHER CONTRABAND.—Section  
17 80302(a)(1) of title 49, United States Code, is  
18 amended by striking “, including marihuana (as de-  
19 fined in section 102 of that Act (21 U.S.C. 802)),”.

20           (9) TARIFF ACT PROVISIONS.—Section  
21 584(a)(2) of the Tariff Act of 1930 (19 U.S.C.  
22 1584(a)(2)) is amended—

23           (A) by striking the second sentence and in-  
24 serting “If any of such merchandise so found  
25 consists of smoking opium or opium prepared

1 for smoking, the master of such vessel or per-  
2 son in charge of such vehicle or the owner of  
3 such vessel or vehicle or any person directly or  
4 indirectly responsible for smoking opium or  
5 opium prepared for smoking being in such mer-  
6 chandise shall be liable to a penalty of \$500 for  
7 each ounce thereof so found.”; and

8 (B) by striking the last sentence and in-  
9 serting “As used in this paragraph, the term  
10 ‘opiate’ shall have the same meaning given that  
11 term by sections 102(18) of the Controlled Sub-  
12 stances Act (21 U.S.C. 802(18)).”.

13 (d) RETROACTIVITY.—The amendments made by this  
14 section to the Controlled Substances Act (21 U.S.C. 801  
15 et seq.) are retroactive and shall apply to any offense com-  
16 mitted, case pending, conviction entered, and, in the case  
17 of a juvenile, any offense committed, case pending, or ad-  
18 judication of juvenile delinquency entered before, on, or  
19 after the date of enactment of this Act.

20 (e) SPECIAL RULE FOR FEDERAL EMPLOYEE TEST-  
21 ING.—Section 503 of the Supplemental Appropriations  
22 Act, 1987 (5 U.S.C. 7301 note) is amended by adding at  
23 the end the following:

24 “(h) CANNABIS.—

1           “(1) CONTINUED TESTING.—Notwithstanding  
2           the Cannabis Administration and Opportunity Act  
3           and the amendments made thereby, the Secretary of  
4           Health and Human Services may continue to include  
5           cannabis for purposes of drug testing of Federal em-  
6           ployees subject to this section, Executive Order  
7           12564, or other applicable Federal laws and orders.

8           “(2) DEFINITION.—The term ‘cannabis’ has  
9           the meaning given the term in section 3 of the Can-  
10          nabis Administration and Opportunity Act.”.

11          (f) SPECIAL RULE FOR CERTAIN REGULATIONS.—

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

18           (2) CONTROLLED SUBSTANCE DEFINED.—In  
19           this subsection, the term “controlled substance”  
20           means—

21           (A) any substance covered under section  
22           102 of the Controlled Substances Act (21  
23           U.S.C. 802) on the day before the date of en-  
24           actment of this Act; and



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

6 **SEC. 102. TRANSFERRING AGENCY FUNCTIONS WITH RE-**  
7 **GARD TO CANNABIS.**

8 (a) TRANSFER OF JURISDICTION FROM THE DRUG  
9 ENFORCEMENT ADMINISTRATION TO THE BUREAU OF  
10 ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, THE  
11 DEPARTMENT OF HEALTH AND HUMAN SERVICES, AND  
12 THE DEPARTMENT OF THE TREASURY.—The functions of  
13 the Attorney General, acting through the Administrator  
14 of the Drug Enforcement Administration relating to can-  
15 nabis enforcement, shall hereafter be administered by—

16 (1) the Attorney General, acting through the  
17 Director of the Bureau of Alcohol, Tobacco, Fire-  
18 arms and Explosives,

19 (2) the Secretary of Health and Human Serv-  
20 ices, and

21 (3) the Secretary of the Treasury.

22 (b) REDESIGNATION OF BUREAU OF ALCOHOL, TO-  
23 BACCO, FIREARMS AND EXPLOSIVES AS BUREAU OF AL-  
24 COHOL, TOBACCO, CANNABIS, FIREARMS AND EXPLO-  
25 SIVES.—

1           (1) REDESIGNATION.—The Bureau of Alcohol,  
2 Tobacco, Firearms and Explosives is hereby re-  
3 named the “Bureau of Alcohol, Tobacco, Cannabis,  
4 Firearms and Explosives”.

5           (2) REFERENCES.—Any reference to the Bu-  
6 reau of Alcohol, Tobacco, Firearms and Explosives  
7 in any law, regulation, map, document, record, or  
8 other paper of the United States shall be deemed to  
9 be a reference to the Bureau of Alcohol, Tobacco,  
10 Cannabis, Firearms and Explosives.

11           (c) REDESIGNATION OF ALCOHOL AND TOBACCO  
12 TAX AND TRADE BUREAU AS ALCOHOL, TOBACCO, AND  
13 CANNABIS TAX AND TRADE BUREAU.—

14           (1) REDESIGNATION.—Section 1111(d) of the  
15 Homeland Security Act of 2002 (6 U.S.C. 531(d))  
16 is amended by striking “Tax and Trade Bureau”  
17 each place it appears and inserting “Alcohol, To-  
18 bacco, and Cannabis Tax and Trade Bureau”.

19           (2) REFERENCES.—Any reference to the Tax  
20 and Trade Bureau or the Alcohol and Tobacco Tax  
21 and Trade Bureau in any law, regulation, map, doc-  
22 ument, record, or other paper of the United States  
23 shall be deemed to be a reference to the Alcohol, To-  
24 bacco, and Cannabis Tax and Trade Bureau.

25           (d) MEMORANDUM OF UNDERSTANDING.—

1           (1) IN GENERAL.—For purposes of carrying out  
2           the purposes of this Act, not later than 180 days  
3           after the date of enactment of this Act, the Sec-  
4           retary of the Treasury (acting through the Alcohol,  
5           Tobacco, and Cannabis Tax and Trade Bureau, as  
6           so redesignated under subsection (c)) and the Sec-  
7           retary of Health and Human Services (acting  
8           through the Commissioner of Food and Drugs) shall  
9           enter into memorandum of understanding regarding  
10          coordination of their respective responsibilities with  
11          regard to regulation of cannabis and cannabis prod-  
12          ucts.

13          (2) COMPLIANCE BURDENS.—For purposes of  
14          establishing the memorandum of understanding de-  
15          scribed in paragraph (1), the Secretary of the Treas-  
16          ury and the Secretary of Health and Human Serv-  
17          ices shall include consideration of—

18                (A) any compliance burdens imposed on  
19                persons involved in the cannabis industry who  
20                are subject to regulation under this Act and the  
21                amendments made by this Act, and

22                (B) to the greatest extent practicable, re-  
23                duction of any unnecessary administrative du-  
24                plication with respect to such regulation.

1           **Subtitle B—Public Safety and**  
2                           **States’ Rights**

3 **SEC. 111. STATES’ RIGHTS.**

4           (a) STATE STATUTES AS OPERATIVE ON TERMI-  
5 NATION OF TRANSPORTATION; ORIGINAL PACKAGES.—All  
6 cannabis transported into any State or territory of the  
7 United States or remaining therein for use, consumption,  
8 sale, or storage therein, shall, upon arrival in that State  
9 or territory, be subject to the operation and effect of the  
10 laws of that State or territory enacted in the exercise of  
11 its police powers, to the same extent and in the same man-  
12 ner as though the cannabis had been produced in that  
13 State or territory, and shall not be exempt therefrom by  
14 reason of being introduced therein in original packages or  
15 otherwise.

16           (b) SHIPMENT INTO STATES FOR POSSESSION OR  
17 SALE IN VIOLATION OF STATE LAW.—The shipment or  
18 transportation, in any manner or by any means whatso-  
19 ever, of cannabis from a State, territory, or district of the  
20 United States, or place noncontiguous to but subject to  
21 the jurisdiction thereof, into any other State, territory, or  
22 district of the United States, or place noncontiguous to  
23 but subject to the jurisdiction thereof, or from any foreign  
24 country into any State, territory, or district of the United  
25 States, or place noncontiguous to but subject to the juris-

1 diction thereof, which said cannabis is intended, by any  
2 person interested therein, to be received, possessed, sold,  
3 or in any manner used, either in the original package or  
4 otherwise, in violation of any law of that State, territory,  
5 or district of the United States, or place noncontiguous  
6 to but subject to the jurisdiction thereof, is prohibited.

7 (c) TRANSPORTATION OF CANNABIS AND CANNABIS  
8 PRODUCTS.—No State or Indian Tribe may prohibit the  
9 transportation or shipment of cannabis or cannabis prod-  
10 ucts through the State or the territory of the Indian Tribe,  
11 as applicable.

12 (d) INJUNCTIVE RELIEF.—Section 2 of the Victims  
13 of Trafficking and Violence Protection Act of 2000 (27  
14 U.S.C. 122a) is amended—

15 (1) in subsection (a)—

16 (A) by redesignating paragraphs (3) and  
17 (4) as paragraphs (4) and (5), respectively; and

18 (B) by inserting after paragraph (2) the  
19 following new paragraph:

20 “(3) the term ‘cannabis’ has the meaning given  
21 the term in section 3 of the Cannabis Administra-  
22 tion and Opportunity Act ;”; and

23 (2) in subsections (b) and (c), by inserting “or  
24 cannabis” after “intoxicating liquor” each place it  
25 appears.

1 **SEC. 112. DIVERSION OF CANNABIS.**

2 (a) IN GENERAL.—

3 (1) VIOLATIONS OF CANNABIS LAWS OR REGU-  
4 LATIONS; PENALTIES AND INJUNCTIONS.—

5 (A) DEFINITION.—In this paragraph, the  
6 term “common or contract carrier” means a  
7 carrier holding a certificate of convenience and  
8 necessity, a permit for contract carrier by  
9 motor vehicle, or other valid operating authority  
10 under subtitle IV of title 49, United States  
11 Code, or under equivalent operating authority  
12 from a regulatory agency of the United States  
13 or of any State.

14 (B) CANNABIS DIVERSION.—

15 (i) IN GENERAL.—Except as provided  
16 in clause (ii), it shall be unlawful to—

17 (I) knowingly grow, manufacture,  
18 ship, transport, receive, possess, sell,  
19 or distribute or purchase 10 pounds  
20 or more of cannabis without author-  
21 ization under a State law or pursuant  
22 to a permit issued under section 301  
23 of the Federal Alcohol Administration  
24 Act, as added by section 511 of this  
25 Act; or

1 (II) knowingly possess 10 pounds  
2 or more of cannabis that bears no evi-  
3 dence of the payment of applicable  
4 State or local cannabis taxes in the  
5 State or locality where the cannabis is  
6 found, if—

7 (aa) the State or local gov-  
8 ernment requires a stamp, im-  
9 pression, or other indication to be  
10 placed on packages or other con-  
11 tainers of cannabis to evidence  
12 payment of cannabis taxes; and

13 (bb) the cannabis is in the  
14 possession of any person other  
15 than a person holding a permit  
16 under section 301 of the Federal  
17 Alcohol Administration Act, as  
18 added by section 511 of this Act.

19 (ii) EXCEPTIONS.—Clause (i) shall  
20 not apply to—

21 (I) a common or contract carrier  
22 transporting the cannabis involved  
23 under a proper bill of lading or freight  
24 bill which states the quantity, source,  
25 and destination of the cannabis;

24

1 (II) a person—

2 (aa) who is licensed or oth-  
3 erwise authorized by the State  
4 where the cannabis are found to  
5 account for and pay cannabis  
6 taxes imposed by such State; and

7 (bb) who has complied with  
8 the accounting and payment re-  
9 quirements relating to such li-  
10 cense or authorization with re-  
11 spect to the cannabis involved;

12 (III) an officer, employee, or  
13 other agent of the United States or a  
14 State, or any department, agency, or  
15 instrumentality of the United States  
16 or a State (including any political sub-  
17 division of a State) having possession  
18 of the cannabis in connection with the  
19 performance of official duties; or

20 (IV) a person—

21 (aa) involved in the manu-  
22 facture, marketing, or distribu-  
23 tion of a drug containing can-  
24 nabis that is otherwise in compli-





1       against any person who violates, disobeys or dis-  
2       regards any term or provision of this subtitle or of  
3       any lawful notice, order or regulation pursuant  
4       thereto; provided, however, that the Secretary of the  
5       Treasury shall furnish the Attorney General with  
6       such material, evidentiary matter or proof as may be  
7       requested by the Attorney General for the prosecu-  
8       tion of such an action.

9       (b) TRACKING AND TRACING REGULATIONS.—

10           (1) IN GENERAL.—Not later than 1 year after  
11       the date of enactment of the Cannabis Administra-  
12       tion and Opportunity Act, the Secretary of the  
13       Treasury (referred to in this section as the “Sec-  
14       retary”), acting through the Administrator of the  
15       Alcohol, Tobacco, and Cannabis Tax and Trade Bu-  
16       reau and in coordination with the Secretary of  
17       Health and Human Services, shall issue regulations  
18       relating to the tracking and tracing of cannabis  
19       products pursuant to paragraph (2).

20           (2) REGULATIONS CONCERNING RECORD-  
21       KEEPING FOR TRACKING AND TRACING.—

22           (A) IN GENERAL.—The Secretary shall  
23       promulgate regulations regarding the establish-  
24       ment and maintenance of records by any person  
25       who manufactures, processes, transports, dis-

1 tributes, receives, packages, holds, exports, or  
2 imports cannabis products.

3 (B) INSPECTION.—In promulgating the  
4 regulations described in subparagraph (A), the  
5 Secretary shall consider which records are need-  
6 ed for inspection to monitor the movement of  
7 cannabis products from the point of production  
8 through distribution to retail outlets to assist in  
9 investigating potential illicit trade, smuggling,  
10 or counterfeiting of cannabis products.

11 (C) CODES.—The Secretary may require  
12 codes on the labels of cannabis products or  
13 other designs or devices for the purpose of  
14 tracking or tracing the cannabis product  
15 through the distribution system.

16 (D) SIZE OF BUSINESS.—The Secretary  
17 shall take into account the size of a business in  
18 promulgating regulations under this section.

19 (E) RECORDKEEPING BY RETAILERS.—  
20 The Secretary shall not require any retailer to  
21 maintain records relating to individual pur-  
22 chasers of cannabis products for personal con-  
23 sumption.

24 (3) RECORDS INSPECTION.—If the Secretary  
25 has a reasonable belief that a cannabis product is

1 part of an illicit trade or smuggling or is a counter-  
2 feit product, each person who manufactures, proc-  
3 esses, transports, distributes, receives, holds, pack-  
4 ages, exports, or imports cannabis products shall, at  
5 the request of an officer or employee duly designated  
6 by the Secretary, permit such officer or employee, at  
7 reasonable times and within reasonable limits and in  
8 a reasonable manner, upon the presentation of ap-  
9 propriate credentials and a written notice to such  
10 person, to have access to and copy all records (in-  
11 cluding financial records) relating to such article  
12 that are needed to assist the Secretary in inves-  
13 tigating potential illicit trade, smuggling, or counter-  
14 feiting of cannabis products. The Secretary shall not  
15 authorize an officer or employee of the government  
16 of any of the several States to exercise authority  
17 under the preceding sentence on Indian country  
18 without the express written consent of the Indian  
19 tribe involved.

20 (4) KNOWLEDGE OF ILLEGAL TRANSACTION.—

21 (A) NOTIFICATION.—If the manufacturer  
22 or distributor of a cannabis product has knowl-  
23 edge which reasonably supports the conclusion  
24 that a cannabis product manufactured or dis-  
25 tributed by such manufacturer or distributor

1 that has left the control of such person may be  
2 or has been—

3 (i) imported, exported, distributed, or  
4 offered for sale in interstate commerce by  
5 a person without paying duties or taxes re-  
6 quired by Federal or State law; or

7 (ii) imported, exported, distributed, or  
8 diverted for possible illicit marketing,

9 the manufacturer or distributor shall promptly  
10 notify the Attorney General and the Secretary  
11 of such knowledge.

12 (B) KNOWLEDGE DEFINED.—For purposes  
13 of this paragraph, the term “knowledge” as ap-  
14 plied to a manufacturer or distributor means—

15 (i) the actual knowledge that the man-  
16 ufacturer or distributor had; or

17 (ii) the knowledge which a reasonable  
18 person would have had under like cir-  
19 cumstances or which would have been ob-  
20 tained upon the exercise of due care.

21 (5) CONSULTATION.—In carrying out this sub-  
22 section, the Secretary shall consult with the Director  
23 of the Bureau of Alcohol, Tobacco, Cannabis, Fire-  
24 arms, and Explosives and the Commissioner of Food  
25 and Drugs, as appropriate.

1           (6) CONSIDERATION OF STATE AND OTHER  
2 PRECEDENT.—In promulgating the regulations de-  
3 scribed in this subsection, the Secretary shall con-  
4 sider—

5           (A) recommendations and findings by the  
6 Cannabis Products Advisory Committee estab-  
7 lished under section 1111 of the Federal Food,  
8 Drug, and Cosmetic Act;

9           (B) current practices of States regarding  
10 cannabis and the practices of other regulated  
11 industries; and

12           (C) whether unique standards for cannabis  
13 specified for medical use under State law are  
14 necessary or appropriate.

15 **SEC. 113. ADDITIONAL AND CUMULATIVE REMEDIES.**

16       (a) IN GENERAL.—It is the purpose of this Act to  
17 provide additional and cumulative remedies.

18       (b) RULE OF CONSTRUCTION.—Nothing in this Act  
19 shall be construed—

20           (1) to abridge or alter rights of action or rem-  
21 edies now or hereafter existing; or

22           (2) as estopping the States or municipalities in  
23 the exercising of their respective rights.

1 **TITLE II—RESEARCH, TRAINING,**  
2 **AND PREVENTION**

3 **SEC. 201. SOCIETAL IMPACT OF CANNABIS LEGALIZATION**  
4 **STUDY.**

5 (a) IN GENERAL.—The Comptroller General of the  
6 United States shall conduct an evaluation of the societal  
7 impact of the legalization by States of adult-use of can-  
8 nabis. Such evaluation shall include—

9 (1) the total number of, and any changes from  
10 previous fiscal years in the number of—

11 (A) sick days reported to employers;

12 (B) workers compensations claims;

13 (C) Federal welfare assistance applica-  
14 tions;

15 (D) traffic-related deaths and injuries  
16 where the driver is impaired by cannabis;

17 (E) school suspensions, expulsions, and law  
18 enforcement referrals that are cannabis-related;

19 (F) cannabis-related hospital admissions  
20 and poison control center calls;

21 (G) cannabis-related juvenile admittances  
22 into substance rehabilitation facilities and men-  
23 tal health clinics;

24 (H) cannabis plants grown on public lands  
25 in contravention to Federal and State laws; and

1 (I) court filings under a State’s organized  
2 crime statutes;

3 (2) the rate of, and any changes from previous  
4 fiscal years in the rate of—

5 (A) arrest related to methamphetamine  
6 possession;

7 (B) hospitalization related to methamphet-  
8 amine and narcotics use;

9 (C) use of cannabis and its byproducts for  
10 medical purposes;

11 (D) use of cannabis and its byproducts for  
12 purposes relating to the health, including the  
13 mental health, of veterans;

14 (E) arrest of individuals driving under the  
15 influence or driving while intoxicated by can-  
16 nabis;

17 (F) arrest of minors for cannabis-related  
18 charges;

19 (G) violent crime; and

20 (H) high school dropout;

21 (3) an overview of any changes to—

22 (A) government spending related to en-  
23 forcement actions and court proceedings; and

24 (B) district-wide and State-wide standard-  
25 ized test scores;



1           (4) an analysis of tax revenue remitted to  
2           States resulting from legal cannabis sales; and

3           (5) an overview of any diversion of cannabis  
4           into neighboring States and drug seizures in neigh-  
5           boring States.

6           (b) REPORT.—Not later than 2 years after the date  
7 of enactment of this Act, the Comptroller General of the  
8 United States shall submit a report on the evaluation  
9 under subsection (a) to the Committee on Finance, the  
10 Committee on Health, Education, Labor, and Pensions,  
11 and the Committee on the Judiciary of the Senate and  
12 to the Committee on Ways and Means, the Committee on  
13 Energy and Commerce, and the Committee on the Judici-  
14 ary of the House of Representatives.

15 **SEC. 202. PUBLIC HEALTH RESEARCH.**

16           (a) IN GENERAL.—The Secretary of Health and  
17 Human Services (referred to in this section as the “Sec-  
18 retary”), in consultation with the Director of the National  
19 Institutes of Health, shall conduct or support research on  
20 the impacts of cannabis.

21           (b) TOPICS.—The research conducted under sub-  
22 section (a) may include research on—

23           (1) the effects of tetrahydrocannabinol on the  
24           human brain;

1           (2) the efficacy of medicinal cannabis as a  
2           treatment for specific diseases and conditions, in-  
3           cluding any impact on chronic pain and post-trau-  
4           matic stress syndrome;

5           (3) the impact of the use of medicinal cannabis  
6           on—

7                   (A) pulmonary function;

8                   (B) cardiovascular events;

9                   (C) cancer, including testicular, ovarian,  
10           transitional cell, and head, neck, and oral can-  
11           cers;

12                   (D) mania;

13                   (E) psychosis;

14                   (F) cognitive effects; and

15                   (G) cannabinoid hyperemesis syndrome;

16           and

17           (4) identification of additional medical benefits  
18           and uses of cannabis.

19           (c) CONSIDERATIONS.—In conducting or supporting  
20           the research under subsection (a), the Secretary shall con-  
21           sider—

22                   (1) varying forms of cannabis, including—

23                           (A) full plants and extracts; and

24                           (B) at least 3 different types of cannabis  
25           with significant variation in phenotypic traits

1 and various ratios of tetrahydrocannabinol and  
2 cannabidiol in chemical composition; and

3 (2) varying methods of cannabis delivery, in-  
4 cluding combustible and non-combustible inhalation  
5 and ingestion.

6 (d) ANNUAL REPORTS.—Not later than October 1 of  
7 each of fiscal years 2021 through 2025, the Secretary  
8 shall submit to the Committee on Health, Education,  
9 Labor, and Pensions and the Committee on Appropria-  
10 tions of the Senate and the Committee on Energy and  
11 Commerce and the Committee on Appropriations of the  
12 House of Representatives, a report that includes an over-  
13 view of the research conducted and supported under this  
14 section.

15 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
16 are authorized to be appropriated to the Secretary,  
17 \$[ ] for each of fiscal years 2021 through  
18 2025, for purposes of carrying out this section.

19 **SEC. 203. CANNABIS-RELATED HIGHWAY SAFETY RE-**  
20 **SEARCH.**

21 (a) IN GENERAL.—The Secretary of Transportation,  
22 acting through the Administrator of the National Highway  
23 Traffic Safety Administration and in consultation with the  
24 Secretary of Health and Human Services, shall—

1 (1) collect and, as appropriate, share with the  
2 Secretary of Health and Human Services, data relat-  
3 ing to cannabis-impaired driving, including—

4 (A) the number of cannabis-impaired driv-  
5 ers;

6 (B) the rate of cannabis-related motor ve-  
7 hicle accidents; and

8 (C) the rate and severity of injuries as a  
9 result of cannabis-related motor vehicle acci-  
10 dents; and

11 (2) continue research to enable the development  
12 of an impairment standard for driving under the in-  
13 fluence of cannabis.

14 (b) PREVENTION OF CANNABIS-RELATED ACCIDENTS  
15 AND INJURIES.—The Secretary of Health and Human  
16 Services, acting through the Director of the Centers for  
17 Disease Control and Prevention (referred to in this section  
18 as the “Director”), shall—

19 (1) study public health prevention strategies for  
20 injuries relating to cannabis-impaired driving; and

21 (2) continue to develop public education mate-  
22 rials to prevent cannabis-impaired driving.

23 (c) GRANT PROGRAM FOR STATES.—Subject to avail-  
24 able appropriations, the Director shall award not more

1 than 5 grants to States with a high number of motor vehi-  
2 cle accidents and a high rate of impaired driving arrests—

3 (1) to collect data relating to the prevalence of  
4 cannabis use by drivers, including the prevalence of  
5 cannabis use among drivers arrested for impaired  
6 driving;

7 (2) to raise awareness of the impact of can-  
8 nabis-impaired driving on road safety; and

9 (3) to enhance the use of State data linkage  
10 systems with respect to impaired driving.

11 **SEC. 204. GRANT PROGRAMS TO PREVENT IMPAIRED DRIV-**  
12 **ING DUE TO CANNABIS USE.**

13 (a) **METHODS OF DETECTING IMPAIRED DRIVING**  
14 **DUE TO CANNABIS USE.**—The Secretary of Transpor-  
15 tation (referred to in this section as the “Secretary”) shall  
16 establish a program to provide grants on a competitive  
17 basis to States to promote and develop the national under-  
18 standing on reasonable, evidence-based methods for de-  
19 tecting impaired driving due to cannabis use.

20 (b) **TRAINING FOR PUBLIC SAFETY PERSONNEL.**—

21 (1) **IN GENERAL.**—The Secretary shall establish  
22 a program to provide grants on a competitive basis  
23 to eligible entities for—

1 (A) the training of public safety personnel  
2 to detect impaired driving due to cannabis use;  
3 and

4 (B) the development of field sobriety tests  
5 to identify a driver impaired by cannabis use.

6 (2) ELIGIBLE ENTITIES.—An entity eligible to  
7 receive a grant under this subsection is—

8 (A) a nonprofit organization; or

9 (B) an institution of higher education.

10 (c) ADVERTISING.—The Secretary shall establish a  
11 program to provide grants on a competitive basis to States  
12 for the development, production, and use of broadcast and  
13 print media advertising and Internet-based outreach to in-  
14 form the public about the risks associated with impaired  
15 driving due to cannabis use.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to the Secretary to carry  
18 out this section \$[\_\_\_\_\_].

19 **TITLE III—RESTORATIVE**  
20 **JUSTICE AND OPPORTUNITY**  
21 **Subtitle A—Opportunity Trust**  
22 **Fund Programs**

23 **SEC. 301. OPPORTUNITY TRUST FUND PROGRAMS.**

24 (a) CANNABIS JUSTICE OFFICE; COMMUNITY REIN-  
25 VESTMENT GRANT PROGRAM.—

1           (1) CANNABIS JUSTICE OFFICE.—Part A of  
2           title I of the Omnibus Crime Control and Safe  
3           Streets Act of 1968 (34 U.S.C. 10101 et seq.) is  
4           amended by inserting after section 109 the fol-  
5           lowing:

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

7           “(a) ESTABLISHMENT.—There is established within  
8           the Office of Justice Programs a Cannabis Justice Office.

9           “(b) DIRECTOR.—The Cannabis Justice Office shall  
10          be headed by a Director who shall be appointed by the  
11          Assistant Attorney General for the Office of Justice Pro-  
12          grams. The Director shall report to the Assistant Attorney  
13          General for the Office of Justice Programs. The Director  
14          shall award grants and may enter into compacts, coopera-  
15          tive agreements, and contracts on behalf of the Cannabis  
16          Justice Office. The Director may not engage in any em-  
17          ployment other than that of serving as the Director, nor  
18          may the Director hold any office in, or act in any capacity  
19          for, any organization, agency, or institution with which the  
20          Office makes any contract or other arrangement.

21          “(c) EMPLOYEES.—

22                 “(1) IN GENERAL.—The Director shall employ  
23                 as many full-time employees as are needed to carry  
24                 out the duties and functions of the Cannabis Justice

1 Office under subsection (d). Such employees shall be  
2 exclusively assigned to the Cannabis Justice Office.

3 “(2) INITIAL HIRES.—Not later than 6 months  
4 after the date of enactment of this section, the Di-  
5 rector shall—

6 “(A) hire no less than one-third of the  
7 total number of employees of the Cannabis Jus-  
8 tice Office; and

9 “(B) no more than one-half of the employ-  
10 ees assigned to the Cannabis Justice Office by  
11 term appointment that may after 2 years be  
12 converted to career appointment.

13 “(3) LEGAL COUNSEL.—At least one employee  
14 hired for the Cannabis Justice Office shall serve as  
15 legal counsel to the Director and shall provide coun-  
16 sel to the Cannabis Justice Office.

17 “(d) DUTIES AND FUNCTIONS.—The Cannabis Jus-  
18 tice Office is authorized to—

19 “(1) administer the Community Reinvestment  
20 Grant Program; and

21 “(2) perform such other functions as the Assist-  
22 ant Attorney General for the Office of Justice Pro-  
23 grams may delegate, that are consistent with the  
24 statutory obligations of this section.”.





1 **“SEC. 3054. DEFINITIONS.**

2 “In this part:

3 “(1) The term ‘cannabis conviction’ means a  
4 conviction, or adjudication of juvenile delinquency,  
5 for a cannabis offense (as such term is defined in  
6 section 3 of the Cannabis Administration and Op-  
7 portunity Act).

8 “(2) The term ‘eligible entity’ means a non-  
9 profit organization, as described in section 501(c)(3)  
10 of the Internal Revenue Code and exempt from tax-  
11 ation under section 501(a) of such Code, that is rep-  
12 resentative of a community or a significant segment  
13 of a community with experience in providing relevant  
14 services to individuals adversely impacted by the  
15 War on Drugs in that community.

16 “(3) The term ‘individual adversely impacted by  
17 the War on Drugs’ has the meaning given that term  
18 in section 301 of the Cannabis Administration and  
19 Opportunity Act’.”.

20 (b) CANNABIS OPPORTUNITY PROGRAM; EQUITABLE  
21 LICENSING GRANT PROGRAM.—

22 (1) DEFINITIONS.—In this subsection:

23 (A) ADMINISTRATOR.—The term “Admin-  
24 istrator” means the Administrator of the Small  
25 Business Administration.

1 (B) ELIGIBLE STATE OR LOCALITY.—The  
2 term “eligible State or locality” means a State  
3 or locality that has taken steps to—

4 (i) create an automatic process, at no  
5 cost to an individual, to expunge, destroy,  
6 or seal criminal records for cannabis of-  
7 fenses; and

8 (ii) eliminate violations or other pen-  
9 alties for individuals under parole, proba-  
10 tion, pre-trial, or other State or local  
11 criminal supervision for a cannabis offense.

12 (C) FEDERAL POVERTY LEVEL.—The term  
13 “Federal Poverty Level” has the meaning given  
14 the term “poverty line” in section 2110(c) of  
15 the Social Security Act (42 U.S.C. 1397jj(c)).

16 (D) INDIVIDUAL ADVERSELY IMPACTED BY  
17 THE WAR ON DRUGS.—The term “individual  
18 adversely impacted by the War on Drugs”  
19 means an individual—

20 (i) who has had an income below 250  
21 percent of the Federal Poverty Level for  
22 not fewer than 5 of the past 10 years, as  
23 of the date on which the individual seeks  
24 to participate in a program developed and  
25 implemented under the Equitable Licens-

1 ing Grant Program established under para-  
2 graph (3); and

3 (ii)(I) who has been arrested for, or  
4 convicted of, the sale, possession, use,  
5 manufacture, or cultivation of cannabis  
6 (except for a conviction involving distribu-  
7 tion to a minor); or

8 (II) the parent, sibling, spouse, or  
9 child of whom has been arrested for, or  
10 convicted of, an offense described in sub-  
11 clause (I).

12 (E) SMALL BUSINESS CONCERN OWNED  
13 AND CONTROLLED BY SOCIALLY AND ECONOMI-  
14 CALLY DISADVANTAGED INDIVIDUALS.—The  
15 term “small business concern owned and con-  
16 trolled by socially and economically disadvan-  
17 taged individuals” has the meaning given the  
18 term in section 8(d)(3)(C) of the Small Busi-  
19 ness Act (15 U.S.C. 637(d)(3)(C)).

20 (F) STATE.—The term “State” means—

21 (i) each of the several States;

22 (ii) the District of Columbia;

23 (iii) the Commonwealth of Puerto  
24 Rico;

1 (iv) any territory or possession of the  
2 United States; and

3 (v) any Indian tribe, as that term is  
4 defined in section 201 of the Civil Rights  
5 Act of 1968 (25 U.S.C. 1301).

6 (2) CANNABIS OPPORTUNITY PROGRAM.—The  
7 Administrator shall establish and carry out a pro-  
8 gram, to be known as the “Cannabis Opportunity  
9 Program”, to provide any eligible State or locality  
10 funds to make loans under section 7(m) of the Small  
11 Business Act (15 U.S.C. 636(m)) to assist small  
12 business concerns owned and controlled by socially  
13 and economically disadvantaged individuals that op-  
14 erate in the cannabis industry.

15 (3) EQUITABLE LICENSING GRANT PROGRAM.—  
16 The Administrator shall establish and carry out a  
17 grant program, to be known as the “Equitable Li-  
18 censing Grant Program”, to provide any eligible  
19 State or locality funds to develop and implement eq-  
20 uitable cannabis licensing programs that minimize  
21 barriers to cannabis licensing and employment for  
22 individuals adversely impacted by the War on Drugs,  
23 if each grantee under that program includes in the  
24 cannabis licensing program of the grantee not fewer  
25 than 4 of the following:

1 (A) A waiver of cannabis license applica-  
2 tion fees for an individual who—

3 (i) has had an income below 250 per-  
4 cent of the Federal Poverty Level for not  
5 fewer than 5 of the 10 years preceding the  
6 date on which the individual submits an  
7 application; and

8 (ii) is a first-time applicant.

9 (B) A prohibition on the denial of a can-  
10 nabis license based on a conviction for a can-  
11 nabis offense that took place before the eligible  
12 State or locality (or, in the case of a locality,  
13 the State in which the locality is located) legal-  
14 ized the production, distribution, or possession  
15 of cannabis or the date of enactment of this  
16 Act, as applicable.

17 (C) A prohibition on criminal conviction re-  
18 strictions for licensing with respect to cannabis,  
19 except with respect to a conviction relating to  
20 owning and operating a business.

21 (D) A prohibition on cannabis license hold-  
22 ers engaging in suspicionless cannabis drug  
23 testing of their prospective or current employ-  
24 ees, except with respect to drug testing for safe-  
25 ty-sensitive positions under part 40 of title 49,

1 Code of Federal Regulations, or any successor  
2 regulations.

3 (E) The establishment of a cannabis li-  
4 censing board—

5 (i) that is reflective of the racial, eth-  
6 nic, economic, and gender composition of  
7 the eligible State or locality; and

8 (ii) which shall serve as an oversight  
9 body of the equitable licensing program.

10 **SEC. 302. COMPREHENSIVE OPIOID, STIMULANT, AND SUB-**  
11 **STANCE USE DISORDER PROGRAM.**

12 (a) IN GENERAL.—Part LL of Title I of the Omnibus  
13 Crime Control and Safe Streets Act of 1968 (34 U.S.C.  
14 10701 et seq.) is amended—

15 (1) in the part heading, by striking “**OPIOID**  
16 **ABUSE GRANT**” and inserting “**OPIOID, STIMU-**  
17 **LANT, AND SUBSTANCE USE DISORDER**”;

18 (2) in section 3021(a) (34 U.S.C. 10701(a))—

19 (A) in paragraph (2), by striking “opioid  
20 abuse” and inserting “substance use disorder”;

21 (B) in paragraph (7), by striking “opioid  
22 abuse” and inserting “substance use disorder”;

23 and

24 (C) in paragraph (10), by striking “opioid”  
25 and inserting “substance misuse and”; and

1 (3) in section 3022(4) (34 U.S.C. 10702(4)), by  
2 striking “opioid abuse” and inserting “substance  
3 misuse and abuse”.

4 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
5 1001(a)(27) of title I of the Omnibus Crime Control and  
6 Safe Streets Act of 1968 (34 U.S.C. 10261(a)(27)) is  
7 amended by striking “\$103,000,000 for each of fiscal  
8 years 2017 and 2018, and \$330,000,000 for each of fiscal  
9 years 2019 through 2023” and inserting “\$[  
10 \_\_\_\_\_ ] for each of fiscal years 2022  
11 through 2026”.

12 **SEC. 303. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-**  
13 **TION PROGRAMS AND SERVICES TO CANNABIS-**  
14 **RELATED LEGITIMATE BUSINESSES**  
15 **AND SERVICE PROVIDERS.**

16 (a) DEFINITIONS RELATING TO CANNABIS-RELATED  
17 LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—  
18 Section 3 of the Small Business Act (15 U.S.C. 632) is  
19 amended by adding at the end the following:

20 “(gg) CANNABIS-RELATED LEGITIMATE BUSINESSES  
21 AND SERVICE PROVIDERS.—In this Act:

22 “(1) CANNABIS.—The term ‘cannabis’ has the  
23 meaning given the term in section 3 of the Cannabis  
24 Administration and Opportunity Act.





1 other property, legal or other licensed serv-  
2 ices, or any other ancillary service) relating  
3 to cannabis; and

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

12 (b) SMALL BUSINESS DEVELOPMENT CENTERS.—  
13 Section 21(c) of the Small Business Act (15 U.S.C.  
14 648(c)) is amended by adding at the end the following:

15 “(9) A small business development center may not  
16 decline to provide services to an otherwise eligible small  
17 business concern under this section solely because that  
18 small business concern is a cannabis-related legitimate  
19 business or a service provider.”.

20 (c) WOMEN’S BUSINESS CENTERS.—Section 29 of  
21 the Small Business Act (15 U.S.C. 656) is amended by  
22 adding at the end the following:

23 “(p) SERVICES FOR CANNABIS-RELATED LEGITI-  
24 MATE BUSINESSES AND SERVICE PROVIDERS.—A wom-  
25 en’s business center may not decline to provide services

1 to an otherwise eligible small business concern under this  
2 section solely because that small business concern is a can-  
3 nabis-related legitimate business or a service provider.”.

4 (d) SCORE.—Section 8(b)(1)(B) of the Small Busi-  
5 ness Act (15 U.S.C. 637(b)(1)(B)) is amended by adding  
6 at the end the following: “The head of the SCORE pro-  
7 gram established under this subparagraph may not decline  
8 to provide services to an otherwise eligible small business  
9 concern solely because that small business concern is a  
10 cannabis-related legitimate business or a service pro-  
11 vider.”.

12 (e) VETERAN BUSINESS OUTREACH CENTERS.—Sec-  
13 tion 32 of the Small Business Act (15 U.S.C. 657b) is  
14 amended by adding at the end the following:

15 “(h) SERVICES FOR CANNABIS-RELATED LEGITI-  
16 MATE BUSINESSES AND SERVICE PROVIDERS.—A Vet-  
17 eran Business Outreach Center may not decline to provide  
18 services to an otherwise eligible small business concern  
19 under this section solely because that small business con-  
20 cern is a cannabis-related legitimate business or a service  
21 provider.”.

22 (f) 7(A) LOANS.—Section 7(a) of the Small Business  
23 Act (15 U.S.C. 636(a)) is amended by adding at the end  
24 the following:

1           “(38) LOANS TO CANNABIS-RELATED LEGITI-  
2           MATE BUSINESSES AND SERVICE PROVIDERS.—The  
3           Administrator may not decline to provide a guar-  
4           antee for a loan under this subsection to an other-  
5           wise eligible small business concern solely because  
6           that small business concern is a cannabis-related le-  
7           gitimate business or a service provider.”.

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

11           “(16) ASSISTANCE TO CANNABIS-RELATED LE-  
12           GITIMATE BUSINESSES AND SERVICE PROVIDERS.—  
13           The Administrator may not decline to provide assist-  
14           ance under this subsection to an otherwise eligible  
15           borrower solely because that borrower is a cannabis-  
16           related legitimate business or a service provider.”.

17           (h) MICROLOANS.—Section 7(m) of the Small Busi-  
18           ness Act (15 U.S.C. 636(m)) is amended by adding at the  
19           end the following:

20           “(14) ASSISTANCE TO CANNABIS-RELATED LE-  
21           GITIMATE BUSINESSES AND SERVICE PROVIDERS.—  
22           An eligible intermediary may not decline to provide  
23           assistance under this subsection to an otherwise eli-  
24           gible borrower solely because that borrower is a can-

1 nabis-related legitimate business or a service pro-  
2 vider.”.

3 (i) STATE OR LOCAL DEVELOPMENT COMPANY  
4 LOANS.—Title V of the Small Business Investment Act  
5 of 1958 (15 U.S.C. 695 et seq.) is amended by adding  
6 at the end the following:

7 **“SEC. 511. LOANS TO CANNABIS-RELATED LEGITIMATE**  
8 **BUSINESSES AND SERVICE PROVIDERS.**

9 “The Administrator may not decline to provide a  
10 guarantee for a loan under this title to an otherwise eligi-  
11 ble State or local development company solely because that  
12 State or local development company provides financing to  
13 an entity that is a cannabis-related legitimate business or  
14 a service provider, as those terms are defined in subsection  
15 (gg) of section 3 of the Small Business Act (15 U.S.C.  
16 632).”.

17 **SEC. 304. DEMOGRAPHIC DATA OF CANNABIS BUSINESS**  
18 **OWNERS AND EMPLOYEES.**

19 (a) IN GENERAL.—The Bureau of Labor Statistics  
20 shall regularly compile, maintain, and make public data  
21 on the demographics of—

22 (1) individuals who are business owners in the  
23 cannabis industry; and

24 (2) individuals who are employed in the can-  
25 nabis industry.

1 (b) DEMOGRAPHIC DATA.—The data collected under  
2 subsection (a) shall include data regarding—

- 3 (1) age;
- 4 (2) certifications and licenses;
- 5 (3) disability status;
- 6 (4) educational attainment;
- 7 (5) family and marital status;
- 8 (6) nativity;
- 9 (7) race and Hispanic ethnicity;
- 10 (8) school enrollment;
- 11 (9) veteran status; and
- 12 (10) sex.

13 (c) CONFIDENTIALITY.—Notwithstanding any other  
14 provision in this section, the name, address, and other  
15 identifying information of an individual described in sub-  
16 section (a) shall be kept confidential by the Bureau of  
17 Labor Statistics and not be made available to the public.

18 (d) DEFINITIONS.—In this section:

19 (1) CANNABIS.—The term “cannabis” has the  
20 meaning given such term in section 3.

21 (2) CANNABIS INDUSTRY.—The term “cannabis  
22 industry” means the industry, in any State or local-  
23 ity in the United States, in which an individual or  
24 entity—

1 (A) conducts businesses pursuant to a per-  
2 mit issued under section 302 of the Federal Al-  
3 cohol Administration Act, as added by section  
4 511; or

5 (B) is otherwise licensed or permitted  
6 under the law in such State or locality to en-  
7 gage in a commercial cannabis-related activity.

8 (3) OWNER.—The term “owner”, with respect  
9 to a business, means an individual or entity that is  
10 defined as an owner under the State or local law  
11 where the individual or entity is licensed or per-  
12 mitted to operate such business.

13 (4) STATE.—The term “State” means—

14 (A) each of the several States;

15 (B) the District of Columbia;

16 (C) the Commonwealth of Puerto Rico;

17 (D) any territory or possession of the  
18 United States; and

19 (E) any Indian tribe, as that term is de-  
20 fined in section 201 of the Civil Rights Act of  
21 1968 (25 U.S.C. 1301).

## 1       **Subtitle B—Restorative Justice**

### 2       **SEC. 311. RESENTENCING AND EXPUNGEMENT.**

3           (a) EXPUNGEMENT OF NON-VIOLENT FEDERAL  
4 CANNABIS OFFENSE CONVICTIONS FOR INDIVIDUALS  
5 NOT UNDER A CRIMINAL JUSTICE SENTENCE.—

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

17           (2) NOTIFICATION.—To the extent practicable,  
18 each Federal district shall notify each individual  
19 whose arrest, conviction, or adjudication of delin-  
20 quency has been expunged pursuant to this sub-  
21 section that their arrest, conviction, or adjudication  
22 of juvenile delinquency has been expunged, and the  
23 effect of such expungement.

24           (3) RIGHT TO PETITION COURT FOR  
25 EXPUNGEMENT.—At any point after the date of en-



1 actment of this Act, any individual with a prior con-  
2 viction or adjudication of juvenile delinquency for a  
3 non-violent Federal cannabis offense, who is not  
4 under a criminal justice sentence, may file a motion  
5 for expungement. If the expungement of such a con-  
6 viction or adjudication of juvenile delinquency is re-  
7 quired pursuant to this Act, the court shall expunge  
8 the conviction or adjudication, and any associated  
9 arrests. If the individual is indigent, counsel shall be  
10 appointed to represent the individual in any pro-  
11 ceedings under this subsection.

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

17 (b) SENTENCING REVIEW FOR INDIVIDUALS UNDER  
18 A CRIMINAL JUSTICE SENTENCE.—

19 (1) IN GENERAL.—For any individual who is  
20 under a criminal justice sentence for a non-violent  
21 Federal cannabis offense, the court that imposed the  
22 sentence shall, on motion of the individual, the Di-  
23 rector of the Bureau of Prisons, the attorney for the  
24 Government, or the court, conduct a sentencing re-  
25 view hearing. If the individual is indigent, counsel

1 shall be appointed to represent the individual in any  
2 sentencing review proceedings under this subsection.

3 (2) POTENTIAL REDUCED RESENTENCING.—

4 After a sentencing hearing under paragraph (1), a  
5 court shall—

6 (A) expunge each conviction or adjudica-  
7 tion of juvenile delinquency for a non-violent  
8 Federal cannabis offense entered by the court  
9 before the date of enactment of this Act, and  
10 any associated arrest;

11 (B) vacate the existing sentence or disposi-  
12 tion of juvenile delinquency and, if applicable,  
13 impose any remaining sentence or disposition of  
14 juvenile delinquency on the individual as if this  
15 Act, and the amendments made by this Act,  
16 were in effect at the time the offense was com-  
17 mitted; and

18 (C) order that all records related to a con-  
19 viction or adjudication of juvenile delinquency  
20 that has been expunged or a sentence or dis-  
21 position of juvenile delinquency that has been  
22 vacated under this Act be sealed and only be  
23 made available by further order of the court.

1 (c) EFFECT OF EXPUNGEMENT.—An individual who  
2 has had an arrest, a conviction, or juvenile delinquency  
3 adjudication expunged under this section—

4 (1) may treat the arrest, conviction, or adju-  
5 dication as if it never occurred; and

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

10 (d) EXCEPTION.—An individual who at sentencing  
11 received an aggravating role adjustment pursuant to  
12 United States Sentencing Guideline 3B1.1(a) in relation  
13 to a Federal cannabis offense conviction shall not be eligi-  
14 ble for expungement of that Federal cannabis offense con-  
15 viction under this section.

16 (e) DEFINITIONS.—In this section:

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

20 (2) The term “expunge” means, with respect to  
21 an arrest, a conviction, or a juvenile delinquency ad-  
22 judication, the removal of the record of such arrest,  
23 conviction, or adjudication from each official index  
24 or public record.

1           (3) The term “under a criminal justice sen-  
2           tence” means, with respect to an individual, that the  
3           individual is serving a term of probation, parole, su-  
4           pervised release, imprisonment, official detention,  
5           pre-release custody, or work release, pursuant to a  
6           sentence or disposition of juvenile delinquency im-  
7           posed on or after May 1, 1971.

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

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

21   **SEC. 312. NO DISCRIMINATION IN THE PROVISION OF A**  
22                           **FEDERAL PUBLIC BENEFIT ON THE BASIS OF**  
23                           **CANNABIS.**

24          (a) IN GENERAL.—No person may be denied any  
25          Federal public benefit (as such term is defined in section

1 401(c) of the Personal Responsibility and Work Oppor-  
2 tunity Reconciliation Act of 1996 (8 U.S.C. 1611(e)) on  
3 the basis of any use or possession of cannabis, or on the  
4 basis of a conviction or adjudication of juvenile delin-  
5 quency for a cannabis offense, by that person.

6 (b) SECURITY CLEARANCES.—A Federal agency may  
7 not use past or present cannabis use as criteria for grant-  
8 ing, denying, or rescinding a security clearance.

9 **SEC. 313. NO ADVERSE EFFECT FOR PURPOSES OF THE IM-**  
10 **MIGRATION LAWS.**

11 (a) IN GENERAL.—For purposes of the immigration  
12 laws (as defined in section 101 of the Immigration and  
13 Nationality Act (8 U.S.C. 1101(a)), cannabis may not be  
14 considered a controlled substance, and an alien may not  
15 be denied any benefit or protection under the immigration  
16 laws based on any event, including conduct, a finding, an  
17 admission, addiction or abuse, an arrest, a juvenile adju-  
18 dication, or a conviction, relating to cannabis, regardless  
19 of whether the event occurred before, on, or after the ef-  
20 fective date of this Act.

21 (b) AMENDMENTS TO THE IMMIGRATION AND NA-  
22 TIONALITY ACT.—The Immigration and Nationality Act  
23 (8 U.S.C. 1101 et seq.) is amended—

24 (1) in section 101(f)(3) (8 U.S.C. 1101(f)(3)),  
25 by striking “(except as such paragraph relates to a

1 single offense of simple possession of 30 grams or  
2 less of marihuana”;

3 (2) in section 210(c)(2)(B)(ii)(III) (8 U.S.C.  
4 1160(c)(2)(B)(ii)(III)), by striking “, except for so  
5 much of such paragraph as relates to a single of-  
6 fense of simple possession of 30 grams or less of  
7 marihuana”;

8 (3) in section 212(h) (8 U.S.C. 1182(h)), by  
9 striking “and subparagraph (A)(i)(II) of such sub-  
10 section insofar as it relates to a single offense of  
11 simple possession of 30 grams or less of marijuana”;

12 (4) in section 237(a)(2)(B)(i) (8 U.S.C.  
13 (a)(2)(B)(i)), by striking “, other than a single of-  
14 fense involving possession for one’s own use of 30  
15 grams or less of marijuana”;

16 (5) in section 244(c)(2)(A)(iii)(II) (8 U.S.C.  
17 1254a(c)(2)(A)(iii)(II)) by striking “, except for so  
18 much of such paragraph as relates to a single of-  
19 fense of simple possession of 30 grams or less of  
20 marijuana”;

21 (6) in section 245(h)(2)(B) (8 U.S.C.  
22 1255(h)(2)(B)) by striking “(except for so much of  
23 such paragraph as related to a single offense of sim-  
24 ple possession of 30 grams or less of marijuana)”;

25 and

1 (7) in section 245A(d)(2)(B)(ii)(II) (8 U.S.C.  
2 1255a(d)(2)(B)(ii)(II)) by striking “, except for so  
3 much of such paragraph as relates to a single of-  
4 fense of simple possession of 30 grams or less of  
5 marihuana”.

6 **SEC. 314. PROVISION BY HEALTH CARE PROVIDERS OF THE**  
7 **DEPARTMENT OF VETERANS AFFAIRS OF**  
8 **RECOMMENDATIONS AND OPINIONS RE-**  
9 **GARDING VETERAN PARTICIPATION IN**  
10 **STATE CANNABIS PROGRAMS.**

11 Notwithstanding any other provision of law, the Sec-  
12 retary of Veterans Affairs shall authorize physicians and  
13 other health care providers employed by the Department  
14 of Veterans Affairs—

15 (1) to provide recommendations and opinions to  
16 veterans who are residents of States with State can-  
17 nabis programs regarding the participation of vet-  
18 erans in such State cannabis programs; and

19 (2) to complete forms reflecting such rec-  
20 ommendations and opinions.

1 **SEC. 315. PROVISION BY HEALTH CARE PROVIDERS OF IN-**  
2 **DIAN HEALTH PROGRAMS OF RECOMMENDA-**  
3 **TIONS AND OPINIONS REGARDING PARTICI-**  
4 **PATION IN STATE CANNABIS PROGRAMS.**

5 Notwithstanding any other provision of law, a health  
6 care provider (as defined in section 805(a) of the Indian  
7 Health Care Improvement Act (25 U.S.C. 1675(a)))  
8 may—

9 (1) provide recommendations and opinions to  
10 patients who are residents of States with State can-  
11 nabis programs regarding the participation of the  
12 patients in the State cannabis programs; and

13 (2) complete forms reflecting those rec-  
14 ommendations and opinions.

15 **TITLE IV—TAXATION AND ES-**  
16 **TABLISHMENT OF TRUST**  
17 **FUND**

18 **SEC. 401. CREATION OF OPPORTUNITY TRUST FUND AND**  
19 **IMPOSITION OF TAXES WITH RESPECT TO**  
20 **CANNABIS PRODUCTS.**

21 (a) CANNABIS REVENUE AND REGULATION ACT.—  
22 Subtitle E of the Internal Revenue Code of 1986 is  
23 amended by adding at the end the following new chapter:

24 **“CHAPTER 56—CANNABIS PRODUCTS**

“SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

“SUBCHAPTER B. AUTHORIZATION AND BOND REQUIREMENTS



“SUBCHAPTER C. OPERATIONS

“SUBCHAPTER D. PENALTIES

## 1    **“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.

### 2    **“SEC. 5901. IMPOSITION OF TAX.**

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

6                   “(1) for any such product removed during the  
7 first 5 calendar years ending after the date on which  
8 this chapter becomes effective, the applicable per-  
9 centage of such product’s removal price, and

10                   “(2) for any product removed during any cal-  
11 endar year after the calendar years described in  
12 paragraph (1), the applicable equivalent amount.

13           “(b) APPLICABLE PERCENTAGE.—For purposes of  
14 subsection (a)(1), the applicable percentage shall be deter-  
15 mined as follows:

16                   “(1) For any cannabis product sold during the  
17 first 2 calendar years in which this chapter becomes  
18 effective, 10 percent.

19                   “(2) For any cannabis product sold during the  
20 calendar year after the period described in para-  
21 graph (1), 15 percent.

1           “(3) For any cannabis product sold during the  
2           calendar year after the period described in para-  
3           graph (2), 20 percent.

4           “(4) For any cannabis product sold during the  
5           calendar year after the period described in para-  
6           graph (3), 25 percent.

7           “(c) APPLICABLE EQUIVALENT AMOUNT.—

8           “(1) IN GENERAL.—For purposes of subsection  
9           (a)(2), the term ‘applicable equivalent amount’  
10          means, with respect to any cannabis product re-  
11          moved during any calendar year, an amount equal  
12          to—

13                 “(A) in the case of any cannabis product  
14                 not described in subparagraph (B), the product  
15                 of the applicable rate per ounce multiplied by  
16                 the number of ounces of such product (and a  
17                 proportionate tax at the like rate on all frac-  
18                 tional parts of an ounce of such product), and

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

1 “(2) APPLICABLE RATES.—

2 “(A) IN GENERAL.—For purposes of para-  
3 graph (1)(A), the term ‘applicable rate per  
4 ounce’ means, with respect to any cannabis  
5 product removed during any calendar year, 25  
6 percent of the prevailing sales price of cannabis  
7 flowers sold in the United States during the 12-  
8 month period ending one calendar quarter be-  
9 fore such calendar year, expressed on a per  
10 ounce basis, as determined by the Secretary.

11 “(B) THC-MEASURABLE CANNABIS PROD-  
12 UCTS.—For purposes of paragraph (1)(B), the  
13 term ‘applicable rate per gram’ means, with re-  
14 spect to any cannabis product removed during  
15 any calendar year, 25 percent of the prevailing  
16 sales price of tetrahydrocannabinol sold in the  
17 United States during the 12-month period end-  
18 ing one calendar quarter before such calendar  
19 year, expressed on a per gram basis, as deter-  
20 mined by the Secretary.

21 “(d) TIME OF ATTACHMENT ON CANNABIS PROD-  
22 UCTS.—The tax under this section shall attach to any can-  
23 nabis product as soon as such product is in existence as  
24 such, whether it be subsequently separated or transferred

1 into any other substance, either in the process of original  
2 production or by any subsequent process.

3 “(e) CREDIT FOR QUALIFIED DOMESTIC MANUFAC-  
4 TURERS.—

5 “(1) IN GENERAL.—In the case of a qualified  
6 domestic manufacturer of cannabis products, there  
7 shall be allowed as a credit against any tax imposed  
8 by subsection (a) for the taxable year an amount  
9 equal to 50 percent of the applicable tax amount for  
10 such taxable year.

11 “(2) APPLICABLE TAX AMOUNT.—

12 “(A) IN GENERAL.—For purposes of this  
13 subsection, the applicable tax amount shall be  
14 an amount equal to the lesser of—

15 “(i) the amount of any tax imposed by  
16 subsection (a) for the taxable year, or

17 “(ii) the phase-in amount.

18 “(B) PHASE-IN AMOUNT.—For purposes of  
19 subparagraph (A), the phase-in amount shall be  
20 an amount equal to—

21 “(i) for the taxable year beginning in  
22 the calendar year which includes the date  
23 of enactment of the Cannabis Administra-  
24 tion and Opportunity Act, \$2,000,000,

1           “(ii) for the first taxable year subse-  
2           quent to the taxable year described in  
3           clause (i), \$2,000,000,

4           “(iii) for the second taxable year sub-  
5           sequent to the taxable year described in  
6           clause (i), \$3,000,000,

7           “(iv) for the third taxable year subse-  
8           quent to the taxable year described in  
9           clause (i), \$4,000,000, and

10           “(v) for any taxable years subsequent  
11           to the taxable year described in clause (iv),  
12           \$5,000,000.

13           “(3) CREDIT NOT ALLOWED FOR CANNABIS RE-  
14           CEIVED IN BOND, IMPORTED, SMUGGLED, OR ILLE-  
15           GALLY PRODUCED.—

16           “(A) IN GENERAL.—The credit under this  
17           subsection shall not apply in the case of any  
18           cannabis which is—

19           “(i) received in bond,

20           “(ii) imported,

21           “(iii) smuggled into the United  
22           States, or

23           “(iv) produced other than as author-  
24           ized by this chapter.

1           “(B) SUBSTANTIAL PROCESSING EXCEP-  
2           TION.—Subparagraph (A)(i) shall not apply  
3           with respect to any cannabis which is trans-  
4           ferred in bond solely as unprocessed plant mat-  
5           ter if such cannabis is processed by the tax-  
6           payer to produce an extract which contains no  
7           plant matter.

8           “(C) CONTRACT PACKAGING AND LABEL-  
9           ING EXCEPTION.—In the case of cannabis  
10          transferred in bond from the person who pro-  
11          duced such cannabis (hereinafter referred to as  
12          ‘transferor’) to another person for packaging or  
13          labeling of such cannabis, and returned to the  
14          transferor for removal, subparagraph (A)(i)  
15          shall not apply, but only if the transferor re-  
16          tains title during the entire period between such  
17          production and removal.

18          “(4) SINGLE TAXPAYER.—Pursuant to rules  
19          issued by the Secretary, 2 or more entities (whether  
20          or not under common control) that produce any can-  
21          nabis product under a license, franchise, or other ar-  
22          rangement shall be treated as a single taxpayer for  
23          purposes of the application of this subsection.

24          “(5) TIME FOR DETERMINING AND ALLOWING  
25          CREDIT.—The credit allowable by paragraph (1)—

1           “(A) shall be determined at the same time  
2           the tax is determined under subsection (a) of  
3           this section, and

4           “(B) shall be allowable at the time the tax  
5           described in such subsection is payable as if the  
6           credit allowable by this subsection constituted a  
7           reduction in the rate of such tax.

8           “(6) CONTROLLED GROUPS.—Rules similar to  
9           rules of section 5051(a)(5) shall apply for purposes  
10          of this subsection.

11 **“SEC. 5902. DEFINITIONS.**

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

14           “(1) CANNABIS; CANNABIS PRODUCT.—The  
15           terms ‘cannabis’ and ‘cannabis product’ have the  
16           same meaning given such terms under subsection  
17           (ss) of section 201 of the Federal Food, Drug, and  
18           Cosmetic Act (21 U.S.C. 321).

19           “(2) THC-MEASURABLE CANNABIS PRODUCT.—  
20           The term ‘THC-measurable cannabis product’  
21           means any cannabis product—

22           “(A) with respect to which the Secretary  
23           has made a determination that the amount of  
24           tetrahydrocannabinol in such product (or any  
25           particular category of products which includes

1 such product) can be measured with a reason-  
2 able degree of accuracy—

3 “(i) consistent with good commercial  
4 practice, and

5 “(ii) sufficient to protect the revenue  
6 and the public, or

7 “(B) which is not cannabis flower and the  
8 concentration of tetrahydrocannabinol in which  
9 is significantly higher than the average such  
10 concentration in cannabis flower.

11 “(b) DEFINITIONS RELATED TO CANNABIS ENTER-  
12 PRISES.—For purposes of this chapter—

13 “(1) CANNABIS ENTERPRISE.—The term ‘can-  
14 nabis enterprise’ means a producer, importer, or ex-  
15 port warehouse proprietor.

16 “(2) PRODUCER.—

17 “(A) IN GENERAL.—The term ‘producer’  
18 means any person who plants, cultivates, har-  
19 vests, grows, manufactures, produces, com-  
20 pounds, converts, processes, prepares, or pack-  
21 ages any cannabis product.

22 “(B) PERSONAL USE EXCEPTION.—Subject  
23 to such regulations as the Secretary shall pre-  
24 scribe, the term ‘producer’ shall not include any  
25 individual otherwise described in subparagraph



1 (A) if the only cannabis product described in  
2 such subparagraph with respect to such indi-  
3 vidual is for personal or family use and not for  
4 sale, provided—

5 “(i) such individual is solely involved  
6 in the planting, cultivation, and growing of  
7 such cannabis,

8 “(ii) the planting, cultivation, and  
9 growing of such cannabis occurs only in  
10 such individual’s dwelling house, or in any  
11 shed, yard, or inclosure connected with  
12 such individual’s dwelling house, and

13 “(iii) the quantity of cannabis prod-  
14 ucts planted, cultivated, and grown by such  
15 individual does not exceed the personal use  
16 production limitations determined by the  
17 Secretary as are necessary to protect the  
18 public and protect the revenue.

19 “(3) IMPORTER.—The term ‘importer’ means  
20 any person who—

21 “(A) is in the United States and to whom  
22 non-tax-paid cannabis products, produced in a  
23 foreign country or a possession of the United  
24 States, are shipped or consigned,

1           “(B) removes cannabis products for sale or  
2 consumption in the United States from a cus-  
3 toms bonded warehouse, or

4           “(C) smuggles or otherwise unlawfully  
5 brings any cannabis product into the United  
6 States.

7           “(4) EXPORT WAREHOUSE PROPRIETOR.—

8           “(A) IN GENERAL.—The term ‘export  
9 warehouse proprietor’ means any person who  
10 operates an export warehouse.

11           “(B) EXPORT WAREHOUSE.—The term  
12 ‘export warehouse’ means a bonded internal  
13 revenue warehouse for the storage of cannabis  
14 products, upon which the internal revenue tax  
15 has not been paid—

16           “(i) for subsequent shipment to a for-  
17 eign country or a possession of the United  
18 States, or

19           “(ii) for consumption beyond the ju-  
20 risdiction of the internal revenue laws of  
21 the United States.

22           “(5) CANNABIS PRODUCTION FACILITY.—The  
23 term ‘cannabis production facility’ means an estab-  
24 lishment which is qualified under subchapter B to

1 perform any operation for which such qualification is  
2 required under such subchapter.

3 “(c) OTHER DEFINITIONS.—For purposes of this  
4 chapter—

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

7 “(2) REMOVAL; REMOVE.—The terms ‘removal’  
8 or ‘remove’ means—

9 “(A) the transfer of cannabis products  
10 from the premises of a producer (or the trans-  
11 fer of such products from the bonded premises  
12 of a producer to a non-bonded premises of such  
13 producer),

14 “(B) release of such products from cus-  
15 toms custody, or

16 “(C) smuggling or other unlawful importa-  
17 tion of such products into the United States.

18 “(3) REMOVAL PRICE.—The term ‘removal  
19 price’ means—

20 “(A) except as otherwise provided in this  
21 paragraph, the price for which the cannabis  
22 product is sold in the sale which occurs in con-  
23 nection with the removal of such product,

1           “(B) in the case of any such sale which is  
2           described in section 5903(e), the price deter-  
3           mined under such section, and

4           “(C) if there is no sale which occurs in  
5           connection with such removal, the price which  
6           would be determined under section 5903(e) if  
7           such product were sold at a price which cannot  
8           be determined.

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

10       “(a) LIABILITY FOR TAX.—

11           “(1) ORIGINAL LIABILITY.—The producer or  
12           importer of any cannabis product shall be liable for  
13           the taxes imposed thereon by section 5901.

14           “(2) TRANSFER OF LIABILITY.—

15           “(A) IN GENERAL.—When cannabis prod-  
16           ucts are transferred, without payment of tax,  
17           pursuant to subsection (b) or (c) of section  
18           5904—

19           “(i) except as provided in clause (ii),  
20           the transferee shall become liable for the  
21           tax upon receipt by the transferee of such  
22           articles, and the transferor shall thereupon  
23           be relieved of their liability for such tax,  
24           and

1                   “(ii) in the case of cannabis products  
2                   which are released in bond from customs  
3                   custody for transfer to the bonded prem-  
4                   ises of a producer, the transferee shall be-  
5                   come liable for the tax on such articles  
6                   upon release from customs custody, and  
7                   the importer shall thereupon be relieved of  
8                   their liability for such tax.

9                   “(B) RETURNED TO BOND.—All provisions  
10                  of this chapter applicable to cannabis products  
11                  in bond shall be applicable to such articles re-  
12                  turned to bond upon withdrawal from the mar-  
13                  ket or returned to bond after previous removal  
14                  for a tax-exempt purpose.

15                  “(b) METHOD OF PAYMENT OF TAX.—

16                  “(1) IN GENERAL.—

17                  “(A) TAXES PAID ON BASIS OF RETURN.—  
18                  The taxes imposed by section 5901 shall be  
19                  paid on the basis of return. The Secretary shall,  
20                  by regulations, prescribe the period or the event  
21                  to be covered by such return and the informa-  
22                  tion to be furnished on such return.

23                  “(B) APPLICATION TO TRANSFEREES.—In  
24                  the case of any transfer to which subsection  
25                  (a)(2)(A) applies, the tax under section 5901 on

1 the transferee shall (if not otherwise relieved by  
2 reason of a subsequent transfer to which such  
3 subsection applies) be imposed with respect to  
4 the removal of the cannabis product from the  
5 bonded premises of the transferee.

6 “(C) POSTPONEMENT.—Any postponement  
7 under this subsection of the payment of taxes  
8 determined at the time of removal shall be con-  
9 ditioned upon the filing of such additional  
10 bonds, and upon compliance with such require-  
11 ments, as the Secretary may prescribe for the  
12 protection of the revenue. The Secretary may,  
13 by regulations, require payment of tax on the  
14 basis of a return prior to removal of the can-  
15 nabis products where a person defaults in the  
16 postponed payment of tax on the basis of a re-  
17 turn under this subsection or regulations pre-  
18 scribed thereunder.

19 “(D) ADMINISTRATION AND PENALTIES.—  
20 All administrative and penalty provisions of this  
21 title, insofar as applicable, shall apply to any  
22 tax imposed by section 5901.

23 “(2) TIME FOR PAYMENT OF TAXES.—

24 “(A) IN GENERAL.—Except as otherwise  
25 provided in this paragraph, in the case of taxes

1 on cannabis products removed during any semi-  
2 monthly period under bond for deferred pay-  
3 ment of tax, the last day for payment of such  
4 taxes shall be the 14th day after the last day  
5 of such semimonthly period.

6 “(B) IMPORTED ARTICLES.—In the case of  
7 cannabis products which are imported into the  
8 United States, the following provisions shall  
9 apply:

10 “(i) IN GENERAL.—The last day for  
11 payment of tax shall be the 14th day after  
12 the last day of the semimonthly period  
13 during which the article is entered into the  
14 customs territory of the United States.

15 “(ii) SPECIAL RULE FOR ENTRY OF  
16 WAREHOUSING.—Except as provided in  
17 clause (iv), in the case of an entry for  
18 warehousing, the last day for payment of  
19 tax shall not be later than the 14th day  
20 after the last day of the semimonthly pe-  
21 riod during which the article is removed  
22 from the first such warehouse.

23 “(iii) FOREIGN TRADE ZONES.—Ex-  
24 cept as provided in clause (iv) and in regu-  
25 lations prescribed by the Secretary, articles

1 brought into a foreign trade zone shall,  
2 notwithstanding any other provision of law,  
3 be treated for purposes of this subsection  
4 as if such zone were a single customs  
5 warehouse.

6 “(iv) EXCEPTION FOR ARTICLES DES-  
7 TINED FOR EXPORT.—Clauses (ii) and (iii)  
8 shall not apply to any article which is  
9 shown to the satisfaction of the Secretary  
10 to be destined for export.

11 “(C) CANNABIS PRODUCTS BROUGHT INTO  
12 THE UNITED STATES FROM PUERTO RICO.—In  
13 the case of cannabis products which are  
14 brought into the United States from Puerto  
15 Rico and subject to tax under section 7652, the  
16 last day for payment of tax shall be the 14th  
17 day after the last day of the semimonthly pe-  
18 riod during which the article is brought into the  
19 United States.

20 “(D) SPECIAL RULE WHERE DUE DATE  
21 FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—  
22 Notwithstanding section 7503, if, but for this  
23 subparagraph, the due date under this para-  
24 graph would fall on a Saturday, Sunday, or a  
25 legal holiday (as defined in section 7503), such



1 due date shall be the immediately preceding day  
2 which is not a Saturday, Sunday, or such a hol-  
3 iday.

4 “(E) SPECIAL RULE FOR UNLAWFULLY  
5 PRODUCED CANNABIS PRODUCTS.—In the case  
6 of any cannabis products produced in the  
7 United States at any place other than the  
8 premises of a producer that has filed the bond  
9 and obtained the authorization required under  
10 this chapter, tax shall be due and payable im-  
11 mediately upon production.

12 “(3) PAYMENT BY ELECTRONIC FUND TRANS-  
13 FER.—Any person who in any 12-month period, end-  
14 ing December 31, was liable for a gross amount  
15 equal to or exceeding \$5,000,000 in taxes imposed  
16 on cannabis products by section 5901 (or section  
17 7652) shall pay such taxes during the succeeding  
18 calendar year by electronic fund transfer (as defined  
19 in section 5061(e)(2)) to a Federal Reserve Bank.  
20 Rules similar to the rules of section 5061(e)(3) shall  
21 apply to the \$5,000,000 amount specified in the pre-  
22 ceding sentence.

23 “(c) DETERMINATION OF PRICE.—

24 “(1) CONSTRUCTIVE SALE PRICE.—

1           “(A) IN GENERAL.—If an article is sold di-  
2           rectly to consumers, sold on consignment, or  
3           sold (otherwise than through an arm’s length  
4           transaction) at less than the fair market price,  
5           or if the price for which the article sold cannot  
6           be determined, the tax under section 5901(a)  
7           shall be computed on the price for which such  
8           articles are sold, in the ordinary course of  
9           trade, by producers thereof, as determined by  
10          the Secretary.

11          “(B) ARM’S LENGTH.—

12           “(i) IN GENERAL.—For purposes of  
13           this section, a sale is considered to be  
14           made under circumstances otherwise than  
15           at arm’s length if—

16                   “(I) the parties are members of  
17                   the same controlled group, whether or  
18                   not such control is actually exercised  
19                   to influence the sale price, or

20                   “(II) the parties are members of  
21                   a family, as defined in section  
22                   267(c)(4), or

23                   “(III) the sale is made pursuant  
24                   to special arrangements between a  
25                   producer and a purchaser.

1 “(ii) CONTROLLED GROUPS.—

2 “(I) IN GENERAL.—The term  
3 ‘controlled group’ has the meaning  
4 given to such term by subsection (a)  
5 of section 1563, except that ‘more  
6 than 50 percent’ shall be substituted  
7 for ‘at least 80 percent’ each place it  
8 appears in such subsection.

9 “(II) CONTROLLED GROUPS  
10 WHICH INCLUDE NONINCORPORATED  
11 PERSONS.—Under regulations pre-  
12 scribed by the Secretary, principles  
13 similar to the principles of subclause  
14 (I) shall apply to a group of persons  
15 under common control where one or  
16 more of such persons is not a corpora-  
17 tion.

18 “(2) CONTAINERS, PACKING AND TRANSPOR-  
19 TATION CHARGES.—In determining, for the purposes  
20 of this chapter, the price for which an article is sold,  
21 there shall be included any charge for coverings and  
22 containers of whatever nature, and any charge inci-  
23 dent to placing the article in condition packed ready  
24 for shipment, but there shall be excluded the amount  
25 of tax imposed by this chapter, whether or not stat-

1 ed as a separate charge. A transportation, delivery,  
2 insurance, installation, or other charge (not required  
3 by the preceding sentence to be included) shall be  
4 excluded from the price only if the amount thereof  
5 is established to the satisfaction of the Secretary in  
6 accordance with regulations.

7 “(3) DETERMINATION OF APPLICABLE EQUIVA-  
8 LENT AMOUNTS.—Paragraphs (1) and (2) shall  
9 apply for purposes of section 5901(c) only to the ex-  
10 tent that the Secretary determines appropriate.

11 “(d) PARTIAL PAYMENTS AND INSTALLMENT AC-  
12 COUNTS.—

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

14 “(A) a contract for the sale of an article  
15 wherein it is provided that the price shall be  
16 paid by installments and title to the article sold  
17 does not pass until a future date notwith-  
18 standing partial payment by installments,

19 “(B) a conditional sale, or

20 “(C) a chattel mortgage arrangement  
21 wherein it is provided that the sales price shall  
22 be paid in installments,

23 there shall be paid upon each payment with respect  
24 to the article a percentage of such payment equal to

1 the rate of tax in effect on the date such payment  
2 is due.

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

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

14 “(i) the tax previously paid on the  
15 payments on such installment accounts,  
16 and

17 “(ii) the total tax which would be pay-  
18 able if such installment accounts had not  
19 been sold or otherwise disposed of (com-  
20 puted as provided in paragraph (1)), ex-  
21 cept that

22 “(B) if any such sale is pursuant to the  
23 order of, or subject to the approval of, a court  
24 of competent jurisdiction in a bankruptcy or in-  
25 solvency proceeding, the amount computed

1 under subparagraph (A) shall not exceed the  
2 sum of the amounts computed by multiplying—

3 “(i) the proportionate share of the  
4 amount for which such accounts are sold  
5 which is allocable to each unpaid install-  
6 ment payment, by

7 “(ii) the rate of tax under this chap-  
8 ter in effect on the date such unpaid in-  
9 stallment payment is or was due.

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

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

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

20 “(1) exclusively in scientific research by a lab-  
21 oratory,

22 “(2) by a proprietor of a cannabis production  
23 facility in research, development, or testing (other  
24 than consumer testing or other market analysis) of  
25 processes, systems, materials, or equipment, relating

1 to cannabis or cannabis operations, under such limi-  
2 tations and conditions as to quantities, use, and ac-  
3 countability as the Secretary may by regulations re-  
4 quire for the protection of the revenue, or

5 “(3) by the United States or any governmental  
6 agency thereof, any State, any political subdivision  
7 of a State, or the District of Columbia, for non-  
8 consumption purposes.

9 “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-  
10 MOVED IN BOND FROM DOMESTIC FACTORIES AND EX-  
11 PORT WAREHOUSES.—

12 “(1) IN GENERAL.—Subject to such regulations  
13 and under such bonds as the Secretary shall pre-  
14 scribe, a producer or export warehouse proprietor  
15 may transfer cannabis products, without payment of  
16 tax, to the bonded premises of another producer or  
17 export warehouse proprietor, or remove such articles,  
18 without payment of tax, for shipment to a foreign  
19 country or a possession of the United States, or for  
20 consumption beyond the jurisdiction of the internal  
21 revenue laws of the United States.

22 “(2) LABELING.—Cannabis products may not  
23 be transferred or removed under this subsection un-  
24 less such products bear such marks, labels, or no-  
25 tices as the Secretary shall by regulations prescribe.

1       “(c) CANNABIS PRODUCTS RELEASED IN BOND  
2 FROM CUSTOMS CUSTODY.—Cannabis products imported  
3 or brought into the United States may be released from  
4 customs custody, without payment of tax, for delivery to  
5 a producer or export warehouse proprietor if such articles  
6 are not put up in packages, in accordance with such regu-  
7 lations and under such bond as the Secretary shall pre-  
8 scribe.

9       “(d) CANNABIS PRODUCTS EXPORTED AND RE-  
10 TURNED.—Cannabis products classifiable under item  
11 9801.00.10 of the Harmonized Tariff Schedule of the  
12 United States (relating to duty on certain articles pre-  
13 viously exported and returned), as in effect on the date  
14 of the enactment of the Cannabis Administration and Op-  
15 portunity Act, may be released from customs custody,  
16 without payment of that part of the duty attributable to  
17 the internal revenue tax for delivery to the original pro-  
18 ducer of such cannabis products or to the export ware-  
19 house proprietor authorized by such producer to receive  
20 such products, in accordance with such regulations and  
21 under such bond as the Secretary shall prescribe. Upon  
22 such release such products shall be subject to this chapter  
23 as if they had not been exported or otherwise removed  
24 from internal revenue bond.



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

2 “(a) CREDIT OR REFUND.—

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

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

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

15 “(2) CANNABIS PRODUCTS LOST OR DE-  
16 STROYED IN BOND.—

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

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

1                   consignor, consignee, bailee, or carrier, or  
2                   their employees or agents,

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

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

8                   “(B) PROOF OF LOSS.—In any case in  
9                   which cannabis products are lost or destroyed,  
10                  whether by theft or otherwise, the Secretary  
11                  may require the proprietor of a cannabis pro-  
12                  duction facility or other person liable for the  
13                  tax to file a claim for relief from the tax and  
14                  submit proof as to the cause of such loss. In  
15                  every case where it appears that the loss was by  
16                  theft, the burden shall be upon the proprietor  
17                  of the cannabis production facility or other per-  
18                  son responsible for the tax under section 5901  
19                  to establish to the satisfaction of the Secretary  
20                  that such loss did not occur as the result of  
21                  connivance, collusion, fraud, or negligence on  
22                  the part of the proprietor of the cannabis pro-  
23                  duction facility, owner, consignor, consignee,  
24                  bailee, or carrier, or their employees 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, re-  
7           mitted, credited, or refunded under this para-  
8           graph where the loss occurred after the tax was  
9           determined. The abatement, remission, credit,  
10          or refund of taxes provided for by subpara-  
11          graphs (A) and (C) in the case of loss of can-  
12          nabis products by theft shall only be allowed to  
13          the extent that the claimant is not indemnified  
14          against or recompensed in respect of the tax for  
15          such loss.

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

22          “(3) VOLUNTARY DESTRUCTION.—The propri-  
23          etor of a cannabis production facility or other per-  
24          sons liable for the tax imposed by this chapter or by  
25          section 7652 with respect to any cannabis product in

1 bond may voluntarily destroy such products, but  
2 only if such destruction is under such supervision  
3 and under such regulations as the Secretary may  
4 prescribe.

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

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

17 **“SEC. 5906. DRAWBACK ON TAX FOR CERTAIN USES.**

18 “(a) ELIGIBILITY.—Any person using cannabis on  
19 which the tax under this subchapter has been determined,  
20 in the manufacture or production of—

21 “(1) a drug containing cannabis which is in  
22 compliance with Federal and State law, or

23 “(2) extracts with a delta-9  
24 tetrahydrocannabinol concentration of not more than  
25 0.3 percent on a dry weight basis,

1 shall be eligible for drawback at the time when such can-  
2 nabis is used in the manufacture of such products as pro-  
3 vided for in this section.

4 “(b) REGISTRATION AND REGULATION.—Every per-  
5 son claiming drawback under this section shall—

6 “(1) register annually with the Secretary,

7 “(2) keep such books and records as may be  
8 necessary to establish the fact that cannabis received  
9 by such person and on which the tax has been deter-  
10 mined were used in a manner described in sub-  
11 section (a), and

12 “(3) be subject to such rules and regulations in  
13 relation thereto as the Secretary shall prescribe to  
14 secure the Treasury against frauds.

15 “(c) INVESTIGATION OF CLAIMS.—For the purpose  
16 of ascertaining the correctness of any claim filed under  
17 this section, the Secretary is authorized to—

18 “(1) examine any books, papers, records, or  
19 memoranda bearing upon the matters required to be  
20 alleged in the claim,

21 “(2) require the attendance of the person filing  
22 the claim or of any officer or employee of such per-  
23 son or the attendance of any other person having  
24 knowledge in the premises, and

1           “(3) take testimony with reference to any mat-  
2           ter covered by the claim and to administer oaths to  
3           any person giving such testimony.

4           “(d) DRAWBACK.—

5           “(1) RATE OF DRAWBACK.—In the case of can-  
6           nabis on which the tax under this subchapter has  
7           been paid or determined, and which has been used  
8           as provided in this section, a drawback shall be al-  
9           lowed at a rate equal to 90 percent of the amount  
10          of such tax which has been paid or determined.

11          “(2) CLAIMS.—

12           “(A) IN GENERAL.—Subject to subpara-  
13          graph (B), such drawback shall be due and pay-  
14          able quarterly upon filing of a proper claim  
15          with the Secretary.

16          “(B) EXCEPTION.—

17           “(i) MONTHLY BASIS.—In the case of  
18          any person entitled to such drawback who  
19          elects in writing to file monthly claims  
20          therefor, such drawback shall be due and  
21          payable monthly upon filing of a proper  
22          claim with the Secretary.

23           “(ii) BOND REQUIREMENT.—The Sec-  
24          retary may require persons electing to file  
25          monthly drawback claims under this sub-

1 paragraph to file with the Secretary a bond  
2 or other security in such amount and with  
3 such conditions as the Secretary shall by  
4 regulations prescribe.

5 “(iii) REVOCATION.—Any election  
6 under clause (i) may be revoked on filing  
7 of notice thereof with the Secretary.

8 “(C) ADDITIONAL REQUIREMENT.—No  
9 claim under this section shall be allowed unless  
10 filed with the Secretary within the 6 months  
11 next succeeding the quarter in which the can-  
12 nabis covered by the claim was used as provided  
13 in this section.

14 “(3) ALLOWANCE OF DRAWBACK EVEN WHERE  
15 CERTAIN REQUIREMENTS NOT MET.—

16 “(A) IN GENERAL.—No claim for draw-  
17 back under this subsection shall be denied in  
18 the case of a failure to comply with any require-  
19 ment imposed under this section or any rule or  
20 regulation issued thereunder upon the claim-  
21 ant’s establishing to the satisfaction of the Sec-  
22 retary that cannabis on which the tax has been  
23 paid or determined was in fact used in a man-  
24 ner described in subsection (a).

25 “(B) PENALTY.—

1 “(i) IN GENERAL.—In the case of a  
2 failure to comply with any requirement im-  
3 posed under this section or any rule or reg-  
4 ulation issued thereunder, the claimant  
5 shall be liable for a penalty of \$1,000 for  
6 each failure to comply unless it is shown  
7 that the failure to comply was due to rea-  
8 sonable cause.

9 “(ii) PENALTY MAY NOT EXCEED  
10 AMOUNT OF CLAIM.—The aggregate  
11 amount of the penalties imposed under  
12 clause (i) for failures described in subpara-  
13 graph (A) in respect of any claim shall not  
14 exceed the amount of such claim (deter-  
15 mined without regard to clause (i)).

16 “(C) PENALTY TREATED AS TAX.—The  
17 penalty imposed by subparagraph (B) shall be  
18 assessed, collected, and paid in the same man-  
19 ner as taxes, as provided in section 6665(a).

## 20 **“Subchapter B—Authorization and Bond** 21 **Requirements**

“Sec. 5911. Establishment and bond.

“Sec. 5912. Application.

“Sec. 5913. Cannabis production facility.

### 22 **“SEC. 5911. ESTABLISHMENT AND BOND.**

23 “(a) PROHIBITION ON PRODUCTION OUTSIDE OF  
24 BONDED CANNABIS PRODUCTION FACILITY.—



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

9           “(2) AUTHORIZED PRODUCERS ONLY.—Any  
10          person establishing a cannabis production facility  
11          shall, prior to commencing operations—

12                 “(A) make application to the Secretary  
13                 pursuant to section 5912,

14                 “(B) file the bond required under sub-  
15                 section (b), and

16                 “(C) receive authorization from the Sec-  
17                 retary to operate.

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

22          “(b) BOND.—

23                 “(1) WHEN REQUIRED.—Every person, before  
24                 commencing business as a producer or an export  
25                 warehouse proprietor, shall file such bond, condi-

1       tioned upon compliance with this chapter and regu-  
2       lations issued thereunder, in such form, amount, and  
3       manner as the Secretary shall by regulation pre-  
4       scribe. A new or additional bond may be required  
5       whenever the Secretary considers such action nec-  
6       essary for the protection of the revenue.

7               “(2) APPROVAL OR DISAPPROVAL.—No person  
8       shall engage in such business until he receives notice  
9       of approval of such bond. A bond may be dis-  
10      approved, upon notice to the principal on the bond,  
11      if the Secretary determines that the bond is not ade-  
12      quate to protect the revenue.

13              “(3) CANCELLATION.—Any bond filed here-  
14      under may be canceled, upon notice to the principal  
15      on the bond, whenever the Secretary determines that  
16      the bond no longer adequately protects the revenue.

17   **“SEC. 5912. APPLICATION.**

18              “The application required pursuant to this section  
19      shall disclose, as regulations issued by the Secretary shall  
20      provide, such information as may be necessary to enable  
21      the Secretary to determine the location and extent of the  
22      premises, the type of operations to be conducted on such  
23      premises, and whether the operations will be in conformity  
24      with law and regulations, consistent with the requirements

1 under section 302 of the Federal Alcohol Administration  
2 Act.

3 **“SEC. 5913. CANNABIS PRODUCTION FACILITY.**

4 “A cannabis production facility, including noncontig-  
5 uous portions thereof, shall be so located, constructed, and  
6 equipped, as to afford adequate protection to the revenue,  
7 as regulations prescribed by the Secretary may provide.

8 **“Subchapter C—Operations**

“Sec. 5921. Inventories, reports, and records.

“Sec. 5922. Packaging and labeling.

“Sec. 5923. Purchase, receipt, possession, or sale of cannabis products after re-  
removal.

“Sec. 5924. Restrictions relating to marks, labels, notices, and packages.

“Sec. 5925. Restriction on importation of previously exported cannabis prod-  
ucts.

9 **“SEC. 5921. INVENTORIES, REPORTS, AND RECORDS.**

10 “Every cannabis enterprise shall—

11 “(1) make a true and accurate inventory at the  
12 time of commencing business, at the time of con-  
13 cluding business, and at such other times, in such  
14 manner and form, and to include such items, as the  
15 Secretary shall by regulation prescribe, with such in-  
16 ventories to be subject to verification by any internal  
17 revenue officer,

18 “(2) make reports containing such information,  
19 in such form, at such times, and for such periods as  
20 the Secretary shall by regulation prescribe, and

21 “(3) keep such records in such manner as the  
22 Secretary shall by regulation prescribe, with such

1 records to be available for inspection by any internal  
2 revenue officer during business hours.

3 **“SEC. 5922. PACKAGING AND LABELING.**

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

7 “(b) MARKS, LABELS, AND NOTICES.—Every pack-  
8 age of cannabis products shall, before removal, bear the  
9 marks, labels, and notices if any, that the Secretary by  
10 regulation prescribes.

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

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

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

25 “(1) for experimental purposes, or

1           “(2) transferred to the bonded premises of an-  
2           other producer or export warehouse proprietor or re-  
3           leased in bond from customs custody for delivery to  
4           a producer.

5   **“SEC. 5923. PURCHASE, RECEIPT, POSSESSION, OR SALE OF**  
6                           **CANNABIS PRODUCTS AFTER REMOVAL.**

7           “(a) RESTRICTION.—No person shall—

8           “(1) with intent to defraud the United States,  
9           purchase, receive, possess, offer for sale, or sell or  
10          otherwise dispose of, after removal, any cannabis  
11          products—

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

16                       “(B) which, after removal without payment  
17                       of tax pursuant to section 5904(a), have been  
18                       diverted from the applicable purpose or use  
19                       specified in that section,

20           “(2) with intent to defraud the United States,  
21           purchase, receive, possess, offer for sale, or sell or  
22           otherwise dispose of, after removal, any cannabis  
23           products which are not put up in packages as re-  
24           quired under section 5922 or which are put up in

1 packages not bearing the marks, labels, and notices,  
2 as required under such section, or

3 “(3) otherwise than with intent to defraud the  
4 United States, purchase, receive, possess, offer for  
5 sale, or sell or otherwise dispose of, after removal,  
6 any cannabis products which are not put up in pack-  
7 ages as required under section 5922 or which are  
8 put up in packages not bearing the marks, labels,  
9 and notices, as required under such section.

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

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

18 **“SEC. 5924. RESTRICTIONS RELATING TO MARKS, LABELS,  
19 NOTICES, AND PACKAGES.**

20 “No person shall, with intent to defraud the United  
21 States, destroy, obliterate, or detach any mark, label, or  
22 notice prescribed or authorized, by this chapter or regula-  
23 tions thereunder, to appear on, or be affixed to, any pack-  
24 age of cannabis products before such package is emptied.

1 **“SEC. 5925. RESTRICTION ON IMPORTATION OF PRE-**  
2 **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

3 “(a) EXPORT LABELED CANNABIS PRODUCTS.—

4 “(1) IN GENERAL.—Cannabis products pro-  
5 duced in the United States and labeled for expor-  
6 tation under this chapter—

7 “(A) may be transferred to or removed  
8 from the premises of a producer or an export  
9 warehouse proprietor only if such articles are  
10 being transferred or removed without tax in ac-  
11 cordance with section 5904,

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

19 “(C) may not be sold or held for sale for  
20 domestic consumption in the United States un-  
21 less such articles are removed from their export  
22 packaging and repackaged by the original pro-  
23 ducer into new packaging that does not contain  
24 an export label.

25 “(2) ALTERATIONS BY PERSONS OTHER THAN  
26 ORIGINAL PRODUCER.—This section shall apply to

1 articles labeled for export even if the packaging or  
2 the appearance of such packaging to the consumer  
3 of such articles has been modified or altered by a  
4 person other than the original producer so as to re-  
5 move or conceal or attempt to remove or conceal (in-  
6 cluding by the placement of a sticker over) any ex-  
7 port label.

8 “(3) EXPORTS INCLUDE SHIPMENTS TO PUER-  
9 TO RICO.—For purposes of this section, section  
10 5904(d), section 5931, and such other provisions as  
11 the Secretary may specify by regulations, references  
12 to exportation shall be treated as including a ref-  
13 erence to shipment to the Commonwealth of Puerto  
14 Rico.

15 “(b) EXPORT LABEL.—For purposes of this section,  
16 an article is labeled for export or contains an export label  
17 if it bears the mark, label, or notice required under section  
18 5904(b).

## 19 “Subchapter D—Penalties

“Sec. 5931. Civil penalties.

“Sec. 5932. Criminal penalties.

### 20 “SEC. 5931. CIVIL PENALTIES.

21 “(a) OMITTING THINGS REQUIRED OR DOING  
22 THINGS FORBIDDEN.—Whoever willfully omits, neglects,  
23 or refuses to comply with any duty imposed upon them  
24 by this chapter, or to do, or cause to be done, any of the



1 things required by this chapter, or does anything prohib-  
2 ited by this chapter, shall in addition to any other penalty  
3 provided in this title, be liable to a penalty of \$10,000,  
4 to be recovered, with costs of suit, in a civil action, except  
5 where a penalty under subsection (b) or (c) or under sec-  
6 tion 6651 or 6653 or part II of subchapter A of chapter  
7 68 may be collected from such person by assessment.

8       “(b) FAILURE TO PAY TAX.—Whoever fails to pay  
9 any tax imposed by this chapter at the time prescribed  
10 by law or regulations, shall, in addition to any other pen-  
11 alty provided in this title, be liable to a penalty of 10 per-  
12 cent of the tax due but unpaid.

13       “(c) SALE OF CANNABIS OR CANNABIS PRODUCTS  
14 FOR EXPORT.—

15               “(1) Every person who sells, relands, or receives  
16 within the jurisdiction of the United States any can-  
17 nabis products which have been labeled or shipped  
18 for exportation under this chapter,

19               “(2) every person who sells or receives such re-  
20 landed cannabis products, and

21               “(3) every person who aids or abets in such  
22 selling, relanding, or receiving,

23 shall, in addition to the tax and any other penalty provided  
24 in this title, be liable for a penalty equal to the greater  
25 of \$10,000 or 10 times the amount of the tax imposed

1 by this chapter. All cannabis products relanded within the  
2 jurisdiction of the United States shall be forfeited to the  
3 United States and destroyed. All vessels, vehicles, and air-  
4 craft used in such relanding or in removing such cannabis  
5 products from the place where relanded, shall be forfeited  
6 to the United States.

7 “(d) **APPLICABILITY OF SECTION 6665.**—The pen-  
8 alties imposed by subsections (b) and (c) shall be assessed,  
9 collected, and paid in the same manner as taxes, as pro-  
10 vided in section 6665(a).

11 “(e) **CROSS REFERENCES.**—For penalty for failure to  
12 make deposits or for overstatement of deposits, see section  
13 6656.

14 **“SEC. 5932. CRIMINAL PENALTIES.**

15 “(a) **FRAUDULENT OFFENSES.**—Whoever, with in-  
16 tent to defraud the United States—

17 “(1) engages in business as a cannabis enter-  
18 prise without filing the application and obtaining the  
19 authorization where required by this chapter or reg-  
20 ulations thereunder,

21 “(2) fails to keep or make any record, return,  
22 report, or inventory, or keeps or makes any false or  
23 fraudulent record, return, report, or inventory, re-  
24 quired by this chapter or regulations thereunder,

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

4           “(4) sells or otherwise transfers, contrary to  
5 this chapter or regulations thereunder, any cannabis  
6 products subject to tax under this chapter, or

7           “(5) purchases, receives, or possesses, with in-  
8 tent to redistribute or resell, any cannabis product—

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

13           “(B) which, without payment of tax pursu-  
14 ant to section 5904, have been diverted from  
15 the applicable purpose or use specified in that  
16 section,

17 shall, for each such offense, be fined not more than  
18 \$10,000, or imprisoned not more than 5 years, or both.

19           “(b) LIABILITY TO TAX.—Any person who possesses  
20 cannabis products in violation of subsection (a) shall be  
21 liable for a tax equal to the tax on such articles.”.

22           (b) ESTABLISHMENT OF TRUST FUND.—Subchapter  
23 A of chapter 98 of the Internal Revenue Code of 1986  
24 is amended by adding at the end the following new section:

1 **“SEC. 9512. OPPORTUNITY TRUST FUND.**

2       “(a) CREATION OF TRUST FUND.—There is estab-  
3 lished in the Treasury of the United States a trust fund  
4 to be known as the ‘Opportunity Trust Fund’ (referred  
5 to in this section as the ‘Trust Fund’), consisting of such  
6 amounts as may be appropriated or credited to such fund  
7 as provided in this section or section 9602(b).

8       “(b) TRANSFERS TO TRUST FUND.—There are here-  
9 by appropriated to the Trust Fund amounts equivalent to  
10 the net revenues received in the Treasury from the taxes  
11 imposed under subchapter A of chapter 56.

12       “(c) EXPENDITURES.—Amounts in the Trust Fund  
13 shall be available, without further appropriation, only as  
14 follows:

15               “(1) 50 percent to the Attorney General to  
16 carry out section 3052(a) of part OO of the Omni-  
17 bus Crime Control and Safe Streets Act of 1968.

18               “(2) 10 percent to the Attorney General to  
19 carry out section 3052(b) of part OO of the Omni-  
20 bus Crime Control and Safe Streets Act of 1968.

21               “(3) 20 percent to the Administrator of the  
22 Small Business Administration to carry out section  
23 301(b)(2) of the Cannabis Administration and Op-  
24 portunity Act .

25               “(4) 20 percent to the Administrator of the  
26 Small Business Administration to carry out section

1 301(b)(3) of the Cannabis Administration and Op-  
2 portunity Act.”.

3 (c) STUDY.—Not later than 2 years after the date  
4 of the enactment of this Act, and every 5 years thereafter,  
5 the Secretary of the Treasury, or the Secretary’s delegate,  
6 shall—

7 (1) conduct a study concerning the characteris-  
8 tics of the cannabis industry, including the number  
9 of persons operating cannabis enterprises at each  
10 level of such industry, the volume of sales, the  
11 amount of tax collected each year, and the areas of  
12 evasion, and

13 (2) submit to Congress recommendations to im-  
14 prove the regulation of the industry and the admin-  
15 istration of the related tax.

16 (d) ANNUAL REPORTS REGARDING DETERMINATION  
17 OF APPLICABLE RATES.—Not later than 6 months before  
18 the beginning of each calendar year to which section  
19 5901(a)(2) of the Internal Revenue Code of 1986 (as  
20 added by this section) applies, the Secretary of the Treas-  
21 ury, or the Secretary’s delegate, shall make publicly avail-  
22 able a detailed description of the methodology which the  
23 Secretary anticipates using to determine the applicable  
24 rate per ounce and the applicable rate per gram which

1 will apply for such calendar year under section 5901(e)(2)  
2 of such Code.

3 (e) DRAWBACK ON TAX FOR DISTILLED SPIRITS  
4 USED IN PRODUCTION OF CANNABIS OR HEMP.—Section  
5 5111 of the IRC is amended by striking “or perfume” and  
6 inserting “perfume, cannabis products, or hemp-derived  
7 products”.

8 (f) CONFORMING AMENDMENTS.—

9 (1) Section 6103(o)(1)(A) of the Internal Rev-  
10 enue Code of 1986 is amended by striking “and fire-  
11 arms” and inserting “firearms, and cannabis prod-  
12 ucts”.

13 (2) The table of chapters for subtitle E of such  
14 Code is amended by adding at the end the following  
15 new item:

“CHAPTER 56. CANNABIS PRODUCTS”.

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

“Sec. 9512. Opportunity Trust Fund.”.

19 (g) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as otherwise pro-  
21 vided in this subsection, the amendments made by  
22 this section shall apply to removals, and applications  
23 under section 5912 of the Internal Revenue Code of

1 1986 (as added by subsection (a)), after 180 days  
2 after the date of the enactment of this Act.

3 (2) OTHER AMENDMENTS.—The amendments  
4 made by subsections (b), (e), and (f) shall take ef-  
5 fect on the date of the enactment of this Act.

6 **TITLE V—PUBLIC HEALTH, CAN-**  
7 **NABIS ADMINISTRATION, AND**  
8 **TRADE PRACTICES**  
9 **Subtitle A—Public Health**

10 **SEC. 501. FDA REGULATION OF CANNABIS.**

11 (a) IN GENERAL.—The Federal Food, Drug, and  
12 Cosmetic Act (21 U.S.C. 301 et seq.) is amended by add-  
13 ing at the end the following:

14 **“CHAPTER XI—CANNABIS PRODUCTS**

15 **“SEC. 1101. CENTER FOR CANNABIS PRODUCTS.**

16 “Not later than 90 days after the date of enactment  
17 of the ‘Cannabis Administration and Opportunity Act’, the  
18 Secretary shall establish within the Food and Drug Ad-  
19 ministration the Center for Cannabis Products, which  
20 shall report to the Commissioner of Food and Drugs in  
21 the same manner as the other agency centers within the  
22 Food and Drug Administration. The Center shall be re-  
23 sponsible for the implementation of this chapter and re-  
24 lated matters assigned by the Commissioner.

1 **“SEC. 1102. ADULTERATED CANNABIS PRODUCTS.**

2 “A cannabis product shall be deemed to be adulter-  
3 ated if—

4 “(1) it consists in whole or in part of any filthy,  
5 putrid, or decomposed substance, or is otherwise  
6 contaminated by any added poisonous or added dele-  
7 terious substance that may render the product inju-  
8 rious to health;

9 “(2) it has been manufactured, prepared, proc-  
10 essed, packed, or held in insanitary conditions  
11 whereby it may have been contaminated with filth,  
12 or whereby it may have been rendered injurious to  
13 health;

14 “(3) it bears or contains any poisonous or dele-  
15 terious substance that may render it injurious to  
16 health;

17 “(4) its container is composed, in whole or in  
18 part, of any poisonous or deleterious substance that  
19 may render the contents injurious to health;

20 “(5) it bears or contains an unsafe color addi-  
21 tive that is unsafe within the meaning of section  
22 721(a); or

23 “(6) the methods used in, or the facilities or  
24 controls used for, its manufacture, preparing, proc-  
25 essing, packing, or storage are not in conformity  
26 with applicable requirements under section 1105(e).



1 **“SEC. 1103. MISBRANDED CANNABIS PRODUCTS.**

2 “A cannabis product shall be deemed to be mis-  
3 branded—

4 “(1) if its labeling or advertising is false or mis-  
5 leading in any particular;

6 “(2) unless it bears a label containing—

7 “(A) a prominent statement that the prod-  
8 uct contains cannabis;

9 “(B) the name and place of business of its  
10 manufacturer, packer, or distributor;

11 “(C) an accurate statement of the quantity  
12 of its contents in terms of weight, measure, or  
13 numerical count;

14 “(D) a statement of its form as specified  
15 in regulations promulgated pursuant to section  
16 1105(a);

17 “(E) the amount of tetrahydrocannabinol  
18 in the product, and if the product is packaged  
19 and labeled in such a way as to suggest more  
20 than one serving, dose, or the equivalent, the  
21 amount of tetrahydrocannabinol in such serv-  
22 ing, dose, or the equivalent;

23 “(F) adequate directions for use, if deemed  
24 necessary for the protection of the public health  
25 in regulations promulgated pursuant to section  
26 1105(a);

1           “(G) adequate directions against use by  
2 children, if deemed necessary for the protection  
3 of the public health in regulations promulgated  
4 pursuant to section 1105(a); and

5           “(H) such other information as the Sec-  
6 retary determines, in regulations promulgated  
7 pursuant to section 1105(a), to be necessary for  
8 the protection of the public health;

9           “(3) if its label or labeling bears a statement  
10 describing the role of a cannabis constituent in-  
11 tended to affect the structure or any function of the  
12 body of humans or other animals, unless—

13           “(A) there is substantiation that such  
14 statement is truthful and not misleading; and

15           “(B) the statement contains, prominently  
16 displayed and in boldface type, the following:  
17 ‘This statement has not been evaluated by the  
18 Food and Drug Administration. This product is  
19 not intended to diagnose, treat, cure, or prevent  
20 any disease.’;

21           “(4) if any word, statement, or other informa-  
22 tion required by or under authority of this Act to  
23 appear on the label or labeling is not prominently  
24 placed thereon with such conspicuousness (as com-  
25 pared with other words, statements, designs, or de-

1 vices, in the labeling) and in such terms as to render  
2 it likely to be read and understood by the ordinary  
3 individual under customary conditions of purchase  
4 and use;

5 “(5) if it purports to be, or is represented as,  
6 a cannabis product which is subject to a cannabis  
7 product standard established under section 1106 un-  
8 less such cannabis product is in all respects in con-  
9 formity with such standard;

10 “(6) if its sale, distribution, or label or labeling  
11 is not in conformity with applicable requirements  
12 under subsections (a) and (b) of section 1105;

13 “(7) if it was manufactured, prepared, propa-  
14 gated, compounded, or processed in an establishment  
15 not duly registered under section 1104 or if it was  
16 not included in a list required by section 1104; or

17 “(8) if it is intended for consumption or appli-  
18 cation by an individual under 21 years of age.

19 **“SEC. 1104. ANNUAL REGISTRATION.**

20 “(a) **REGISTRATION BY OWNERS AND OPERATORS.—**  
21 On or before December 31 of each year, every person who  
22 owns or operates any establishment in any State engaged  
23 in the manufacture, preparation, compounding, or proc-  
24 essing of a cannabis product shall register with the Sec-

1   retary the name, places of business, and all such establish-  
2   ments of that person.

3           “(b) REGISTRATION BY NEW OWNERS AND OPERA-  
4   TORS.—Every person upon first engaging in the manufac-  
5   ture, preparation, compounding, or processing of a can-  
6   nabis product in any establishment owned or operated in  
7   any State by that person shall immediately register with  
8   the Secretary that person’s name, place of business, and  
9   such establishment.

10          “(c) REGISTRATION OF ADDED ESTABLISHMENTS.—  
11   Every person required to register under subsection (a) or  
12   (b) shall immediately register with the Secretary any addi-  
13   tional establishment which that person owns or operates  
14   in the United States and in which that person begins the  
15   manufacture, preparation, compounding, or processing of  
16   a cannabis product.

17          “(d) UNIFORM PRODUCT IDENTIFICATION SYS-  
18   TEM.—The Secretary may by regulation prescribe a uni-  
19   form system for the identification of cannabis products  
20   and may require that persons who are required to list such  
21   cannabis products under subsection (g) shall list such can-  
22   nabis products in accordance with such system.

23          “(e) PUBLIC ACCESS TO REGISTRATION INFORMA-  
24   TION.—The Secretary shall make available for inspection  
25   any registration filed under this section.

1           “(f) REGISTRATION BY FOREIGN ESTABLISH-  
2 MENTS.—Any establishment within a foreign country en-  
3 gaged in the manufacture, preparation, compounding, or  
4 processing of a cannabis product that is imported or of-  
5 fered for import into the United States, shall register  
6 under this section and shall include with the registration  
7 the name of the United States agent for the establishment.

8           “(g) REGISTRATION INFORMATION.—

9                 “(1) PRODUCT LIST.—

10                         “(A) IN GENERAL.—Every person who reg-  
11 isters with the Secretary under subsection (a),  
12 (b), or (c) shall, at the time of registration  
13 under such subsection, file with the Secretary—

14                                 “(i) a list of all cannabis products  
15 which are being manufactured, prepared,  
16 compounded, or processed by that person  
17 for commercial distribution and which have  
18 not been included in any list of cannabis  
19 products filed by that person with the Sec-  
20 retary under this paragraph or paragraph  
21 (2) before such time of registration; and

22                                 “(ii) such other information as the  
23 Secretary, in consultation with the Sec-  
24 retary of the Treasury and the Attorney  
25 General, may require, by regulation, to

1 carry out the purposes of the Cannabis Ad-  
2 ministration and Opportunity Act, includ-  
3 ing the amendments made by such Act, in-  
4 cluding chapter 56 of subtitle E of the In-  
5 ternal Revenue Code of 1986.

6 “(B) FORM AND MANNER OF LIST.—The  
7 list under subparagraph (A)(i) shall be pre-  
8 pared in such form and manner as the Sec-  
9 retary may prescribe and shall be accompanied  
10 by a copy of all consumer information and other  
11 labeling for such cannabis product, a represent-  
12 ative sampling of advertisements for such can-  
13 nabis product, and, upon request by the Sec-  
14 retary, a copy of all advertisements for a par-  
15 ticular cannabis product.

16 “(2) REPORT OF ANY CHANGE IN PRODUCT  
17 LIST.—Each person who registers with the Secretary  
18 under this section shall report to the Secretary as  
19 follows:

20 “(A) Prior to the introduction into com-  
21 mercial distribution of a cannabis product that  
22 has not been included in any list previously filed  
23 by the registrant, a list containing such can-  
24 nabis product.

1           “(B) A notice of discontinuance of the  
2           manufacture, preparation, compounding, or  
3           processing for commercial distribution of a can-  
4           nabis product included in a list filed under sub-  
5           paragraph (A) or paragraph (1), and the date  
6           of such discontinuance.

7           “(C) A notice of resumption of the manu-  
8           facture, preparation, compounding, or proc-  
9           essing for commercial distribution of the can-  
10          nabis product with respect to which a notice of  
11          discontinuance was reported under subpara-  
12          graph (B).

13          “(D) A list of each cannabis product in-  
14          cluded in a notice filed under subparagraph (C)  
15          prior to the resumption of the introduction into  
16          commercial distribution of such cannabis prod-  
17          uct.

18          “(3) PUBLICATION.—The Secretary shall pub-  
19          lish on the website of the Food and Drug Adminis-  
20          tration every registration and list filed pursuant to  
21          this section and the information accompanying every  
22          list not later than 10 days after the applicable date  
23          of filing.

24          “(4) DEPARTMENT OF THE TREASURY AC-  
25          CESS.—The Secretary shall establish a format and

1 procedure for appropriate Department of the Treas-  
2 ury officials to access the information received by  
3 the Secretary under this subsection, in a prompt and  
4 secure manner.

5 **“SEC. 1105. GENERAL PROVISIONS FOR CONTROL OF CAN-**  
6 **NABIS PRODUCTS.**

7 “(a) RESTRICTIONS ON SALE AND DISTRIBUTION.—

8 “(1) REMOTE SALES.—Not later than 1 year  
9 after the date of enactment of the ‘Cannabis Admin-  
10 istration and Opportunity Act’ the Secretary shall  
11 propose, and not later than 2 years after such date  
12 of enactment the Secretary shall finalize, regulations  
13 regarding the promotion, sale, and distribution of  
14 cannabis products that occur through means other  
15 than a direct, face-to-face exchange between a re-  
16 tailer and a consumer, in order to prevent the sale  
17 and distribution of cannabis products to individuals  
18 who have not attained the age of 21, including re-  
19 quirements for age verification.

20 “(2) OTHER REGULATIONS.—In addition to the  
21 restrictions under paragraph (1), the Secretary may,  
22 by regulation, impose other restrictions on the sale  
23 and distribution of cannabis products, including re-  
24 strictions on the access to, and the advertising of,  
25 the cannabis product, if the Secretary determines



1 that such regulation would be appropriate for the  
2 protection of the public health.

3 “(b) LABELING STATEMENTS.—The label and label-  
4 ing of a cannabis product shall bear such appropriate  
5 statements of the restrictions required by a regulation  
6 under subsection (a) as the Secretary may in such regula-  
7 tion prescribe.

8 “(c) GOOD MANUFACTURING PRACTICE REQUIRE-  
9 MENTS.—

10 “(1) IN GENERAL.—The Secretary shall issue  
11 regulations requiring that the methods used in, and  
12 the facilities and controls used for, the manufacture,  
13 preparing, processing, packing, and holding of a can-  
14 nabis product conform to current good manufac-  
15 turing practice, including testing for pesticide chem-  
16 ical residues regardless of whether a tolerance for  
17 such chemical residues has been established.

18 “(2) MANUFACTURE.—For purposes of this  
19 subsection, the term ‘manufacture’ includes the  
20 planting, cultivation, growing, and harvesting of a  
21 cannabis product.

22 **“SEC. 1106. CANNABIS PRODUCT STANDARDS.**

23 “(a) IN GENERAL.—The Secretary shall, by regula-  
24 tion, adopt cannabis product standards that are appro-  
25 priate for protection of the public health.

1           “(b) CONTENT OF STANDARDS.—A cannabis product  
2 standard established under this section shall include provi-  
3 sions—

4           “(1) on the ingredients of the cannabis product;

5           “(2) for the testing of the cannabis product;

6           and

7           “(3) requiring that the results of testing the  
8 cannabis product show that the cannabis product is  
9 in conformity with applicable standards.

10 **“SEC. 1107. RECALL AUTHORITY.**

11           “(a) IN GENERAL.—If the Secretary finds that there  
12 is a reasonable probability that a cannabis product would  
13 cause serious, adverse health consequences or death, the  
14 Secretary shall issue an order requiring the appropriate  
15 person (including the manufacturers, importers, distribu-  
16 tors, or retailers of the cannabis product) to immediately  
17 cease distribution of such cannabis product. The order  
18 shall provide the person subject to the order with an op-  
19 portunity to appear and introduce testimony, to be held  
20 not later than 10 days after the date of the issuance of  
21 the order, on the actions required by the order and on  
22 whether the order should be amended to require a recall  
23 of such cannabis product. If, after providing an oppor-  
24 tunity to appear and introduce testimony, the Secretary  
25 determines that inadequate grounds exist to support the

1 actions required by the order, the Secretary shall vacate  
2 the order.

3 “(b) AMENDMENT OF ORDER TO REQUIRE RE-  
4 CALL.—

5 “(1) IN GENERAL.—If, after providing an op-  
6 portunity to appear and introduce testimony under  
7 subsection (a), the Secretary determines that the  
8 order should be amended to include a recall of the  
9 cannabis product with respect to which the order  
10 was issued, the Secretary shall, except as provided in  
11 paragraph (2), amend the order to require a recall.  
12 The Secretary shall specify a timetable in which the  
13 cannabis product recall will occur and shall require  
14 periodic reports to the Secretary describing the  
15 progress of the recall.

16 “(2) NOTICE.—An amended order under para-  
17 graph (1)—

18 “(A) shall not include recall of a cannabis  
19 product from individuals; and

20 “(B) shall provide for notice to persons  
21 subject to the risks associated with the use of  
22 such cannabis product.

23 In providing the notice required by subparagraph  
24 (B), the Secretary may use the assistance of retail-  
25 ers and other persons who distributed such cannabis

1 product. If a significant number of such persons  
2 cannot be identified, the Secretary shall notify such  
3 persons pursuant to section 705(b).

4 **“SEC. 1108. RECORDS AND REPORTS ON CANNABIS PROD-**  
5 **UCTS.**

6 “(a) IN GENERAL.—Every person who is a cannabis  
7 product manufacturer or importer of a cannabis product  
8 shall establish and maintain such records, make such re-  
9 ports, and provide such information, as the Secretary may  
10 by regulation reasonably require to assure that such can-  
11 nabis product is not adulterated or misbranded and to oth-  
12 erwise protect public health.

13 “(b) REPORTS OF REMOVALS AND CORRECTIONS.—

14 “(1) IN GENERAL.—Except as provided in para-  
15 graph (2), the Secretary shall by regulation require  
16 a cannabis product manufacturer or importer of a  
17 cannabis product to report promptly to the Secretary  
18 any corrective action taken or removal from the  
19 market of a cannabis product undertaken by such  
20 manufacturer or importer if the removal or correc-  
21 tion was undertaken—

22 “(A) to reduce a risk to health posed by  
23 the cannabis product; or

1           “(B) to remedy a violation of this chapter  
2           caused by the cannabis product which may  
3           present a risk to health.

4           A cannabis product manufacturer or importer of a  
5           cannabis product who undertakes a corrective action  
6           or removal from the market of a cannabis product  
7           that is not required to be reported under this sub-  
8           section shall keep a record of such correction or re-  
9           moval.

10           “(2) EXCEPTION.—No report of the corrective  
11           action or removal of a cannabis product may be re-  
12           quired under paragraph (1) if a report of the correc-  
13           tive action or removal is required and has been sub-  
14           mitted under subsection (a).

15           **“SEC. 1109. PROHIBITION ON FLAVORED ELECTRONIC CAN-**  
16           **NABIS PRODUCT DELIVERY SYSTEM.**

17           “(a) IN GENERAL.—Any flavored electronic cannabis  
18           product delivery system shall not contain an artificial or  
19           natural flavor (other than cannabis) that is a character-  
20           izing flavor, including menthol, mint, mango, strawberry,  
21           grape, orange, clove, cinnamon, pineapple, vanilla, coco-  
22           nut, licorice, cocoa, chocolate, cherry, or coffee.

23           “(b) DEFINITION.—For purposes of this section, the  
24           term ‘electronic cannabis product delivery system’ means  
25           an electronic device that delivers a cannabis product via

1 an aerosolized solution to the user inhaling from the de-  
2 vice, and any component, liquid, part, or accessory of such  
3 a device, whether or not sold separately.

4 **“SEC. 1110. PRESERVATION OF STATE AND LOCAL AUTHOR-**  
5 **ITY.**

6 “(a) IN GENERAL.—Nothing in this chapter, or rules  
7 promulgated under this chapter, shall be construed to  
8 limit the authority of a Federal agency (including the  
9 Armed Forces), a State or political subdivision of a State,  
10 or the government of an Indian tribe to enact, adopt, pro-  
11 mulgate, and enforce any law, rule, regulation, or other  
12 measure with respect to cannabis products that is in addi-  
13 tion to, or more stringent than, requirements established  
14 under this chapter, including a law, rule, regulation, or  
15 other measure relating to or prohibiting the sale, distribu-  
16 tion, possession, exposure to, access to, advertising and  
17 promotion of, or use of cannabis products by individuals  
18 of any age, information reporting to the State, or meas-  
19 ures relating to fire safety standards for cannabis prod-  
20 ucts. No provision of this chapter shall limit or otherwise  
21 affect any State, tribal, or local taxation of cannabis prod-  
22 ucts.

23 “(b) RULE OF CONSTRUCTION REGARDING PRODUCT  
24 LIABILITY.—No provision of this chapter relating to a  
25 cannabis product shall be construed to modify or otherwise

1 affect any action or the liability of any person under the  
2 product liability law of any State.

3 **“SEC. 1111. CANNABIS PRODUCTS ADVISORY COMMITTEE.**

4 “(a) ESTABLISHMENT.—Not later than 6 months  
5 after the date of enactment of the Cannabis Administra-  
6 tion and Opportunity Act, the Secretary shall establish a  
7 12-member advisory committee, to be known as the Can-  
8 nabis Product Advisory Committee.

9 “(b) MEMBERS.—The Cannabis Products Advisory  
10 Committee shall include persons qualified in the subject  
11 matter to be referred to the committee, including, as ap-  
12 propriate **[***Staff note: comments requested on member-*  
13 *ship.***]**.

14 “(c) REGULATIONS.—Before promulgating any regu-  
15 lation under this chapter, the Secretary shall afford the  
16 Cannabis Products Advisory Committee an opportunity to  
17 submit recommendations with respect to the regulation  
18 proposed to be promulgated.

19 “(d) COMPENSATION.—Members of the Cannabis  
20 Products Advisory Committee who are not officers or em-  
21 ployees of the United States, while attending conferences  
22 or meetings of the committee or otherwise engaged in its  
23 business, shall be entitled to receive compensation at rates  
24 to be fixed by the Secretary, which may not exceed the  
25 daily equivalent of the rate in effect under the Senior Ex-

1 ecutive Schedule under section 5382 of title 5, United  
2 States Code, for each day (including travel time) they are  
3 so engaged; and while so serving away from their homes  
4 or regular places of business each member may be allowed  
5 travel expenses, including per diem in lieu of subsistence,  
6 as authorized by section 5703 of title 5, United States  
7 Code for persons in the Government service employed  
8 intermittently. The Secretary shall designate one of the  
9 members of the advisory committee to serve as its chair.  
10 The Secretary shall furnish the advisory committee with  
11 clerical and other assistance. Section 14 of the Federal  
12 Advisory Committee Act shall not apply with respect to  
13 the duration of the advisory committee established under  
14 this paragraph.”.

15 **SEC. 502. AMENDMENTS TO THE FEDERAL FOOD, DRUG,**  
16 **AND COSMETIC ACT.**

17 (a) DEFINITIONS.—Section 201 of the Federal Food,  
18 Drug, and Cosmetic Act (21 U.S.C. 321) is amended—

19 (1) in paragraph (g)(1)(C), by striking “(other  
20 than food)” and inserting “(other than food or can-  
21 nabis products)”;

22 (2) in paragraph (ff)(1), by striking “(other  
23 than tobacco)” and inserting “(other than a tobacco  
24 product or cannabis product)”;



1           (3) in paragraph (rr)(4), by inserting “cannabis  
2           product,” after “medical device”; and

3           (4) by adding at the end the following:

4           “(ss)(1)(A) The term ‘cannabis’ means—

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

7           “(ii) the seeds thereof;

8           “(iii) the resin extracted from any part of such  
9           plant; and

10           “(iv) every compound, manufacture, salt, deriv-  
11           ative, mixture, or preparation of such plant, its  
12           seeds or resin.

13           “(B) The term ‘cannabis’ does not include—

14           “(i) hemp, as defined in section 297A of the  
15           Agricultural Marketing Act of 1946; or

16           “(ii) the mature stalks of such plant, fiber pro-  
17           duced from such stalks, oil or cake made from the  
18           seeds of such plant, any other compound, manufac-  
19           ture, salt, derivative, mixture, or preparation of such  
20           mature stalks (except the resin extracted therefrom),  
21           fiber, oil, or cake, or the sterilized seed of such plant  
22           which is incapable of germination.

23           “(2)(A) The term ‘cannabis product’ means any  
24           product made or derived from cannabis that is intended

1 for consumption or applied to the body of man or other  
2 animals, including any component of such product.

3 “(B) A ‘cannabis product’ does not mean an article  
4 that is a drug within the meaning of paragraph (g)(1).”.

5 (b) PROHIBITED ACTS.—Section 301 of the Federal  
6 Food, Drug, and Cosmetic Act (21 U.S.C. 331) is amend-  
7 ed—

8 (1) by inserting “cannabis product,” after “to-  
9 bacco product,” each place it appears in paragraphs  
10 (g) and (h);

11 (2) in paragraph (j), by striking “or 920(b)”  
12 and inserting “920(b), or 1104”;

13 (3) in paragraph (p)—

14 (A) by striking “510 or 905” and inserting  
15 “510, 905, or 1104”;

16 (B) by striking “or 905(j)” and inserting  
17 “905(j), or 1104(g)”;

18 (C) by striking “or 905(i)(3)” and insert-  
19 ing “, 905(i)(3), or 1104(g)(2)”;

20 (4) in paragraph (q)(2) by inserting “, cannabis  
21 product,” after “device”;

22 (5) in paragraph (r), by inserting “cannabis  
23 product,” after “device,” each place it appears; and

24 (6) by adding at the end the following:

1           “(fff)(1) The sale or distribution of a cannabis prod-  
2 uct to any person younger than 21 years of age.

3           “(2) The sale or distribution, in any single trans-  
4 action, of more than 10 ounces of any cannabis product.

5           “(3) The sale or distribution of an article that is a  
6 cannabis product and that contains alcohol, caffeine, or  
7 nicotine.

8           “(4) The failure of a manufacturer or distributor to  
9 notify the Attorney General and the Secretary of the  
10 Treasury of its knowledge of cannabis products used in  
11 illicit trade.

12           “(ggg)(1) The introduction or delivery for introduc-  
13 tion into commerce of any cannabis product that is adul-  
14 terated or misbranded.

15           “(2) The adulteration or misbranding of any can-  
16 nabis product in commerce.

17           “(3) The receipt in commerce of any cannabis prod-  
18 uct that is adulterated or misbranded, and the delivery  
19 or proffered delivery thereof for pay or otherwise.

20           “(4) The alteration, mutilation, destruction, oblitera-  
21 tion, or removal of the whole or any part of the labeling  
22 of, or the doing of any other act with respect to a cannabis  
23 product, if such act is done while such article is held for  
24 sale (whether or not the first sale) after shipment in com-

1 merce and results in such article being adulterated or mis-  
2 branded.”.

3 (c) SEIZURE AUTHORITIES.—Section 304(g) of the  
4 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 334(g))  
5 is amended by striking “or tobacco product” each place  
6 it appears in paragraphs (1) and (2)(A) and inserting “,  
7 tobacco product, or cannabis product”.

8 (d) FACTORY INSPECTION.—Section 704 of the Fed-  
9 eral Food, Drug, and Cosmetic Act (21 U.S.C. 374) is  
10 amended—

11 (1) in subsection (a)—

12 (A) by inserting “cannabis products,” after  
13 “tobacco products,” each place it appears;

14 (B) by striking “or tobacco products” each  
15 place it appears and inserting “tobacco prod-  
16 ucts, or cannabis products”; and

17 (C) by striking “and tobacco products”  
18 and inserting “tobacco products, and cannabis  
19 products”; and

20 (2) in subsection (b)(1), by inserting “cannabis  
21 product,” after “tobacco product,”.

22 (e) PUBLICITY.—Section 705(b) of the Federal Food,  
23 Drug, and Cosmetic Act (21 U.S.C. 375(b)) is amended  
24 by inserting “cannabis products,” after “tobacco prod-  
25 ucts,”.

1 (f) PRESUMPTION.—Section 709 of the Federal  
2 Food, Drug, and Cosmetic Act (21 U.S.C. 379a) is  
3 amended by inserting “cannabis product,” after “tobacco  
4 product,”.

5 (g) IMPORTS AND EXPORTS.—Section 801 of the  
6 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381)  
7 is amended—

8 (1) in subsection (a)—

9 (A) by inserting “cannabis products,” after  
10 “tobacco products,”;

11 (B) by striking “or tobacco products” each  
12 place it appears and inserting “, tobacco prod-  
13 ucts, or cannabis products”; and

14 (C) by striking “or section 905(h)” and in-  
15 serting “, 905(h), or 1104”; and

16 (2) in subsection (e), by striking “tobacco prod-  
17 uct or” and inserting “tobacco product, cannabis  
18 product, or”.

19 **SEC. 503. EXPEDITED REVIEW.**

20 Subchapter A of chapter V of the Federal Food,  
21 Drug, and Cosmetic Act (21 U.S.C. 351 et seq.) is amend-  
22 ed by adding at the end the following:

1 **“SEC. 524B. EXPEDITED REVIEW OF CERTAIN DRUGS CON-**  
2 **TAINING CANNABIS.**

3 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary  
4 shall establish a program to expedite the development and  
5 review of applications for drugs containing cannabis that  
6 are manufactured by a small business concerned owned  
7 and controlled by socially and economically disadvantaged  
8 individuals that operate in the cannabis industry.

9 “(b) REQUEST FOR DESIGNATION.—A sponsor of a  
10 drug containing cannabis that is manufactured by a small  
11 business concern owned and controlled by socially and eco-  
12 nomically disadvantaged individuals that operate in the  
13 cannabis industry may request that the Secretary des-  
14 ignate such drug for expedited review under this section.  
15 A request for designation may be made concurrently with,  
16 or at any time after, the submission of an application for  
17 the investigation of the drug under section 505(i) or sec-  
18 tion 351(a)(3) of the Public Health Service Act.

19 “(c) ACTIONS.—The actions to expedite the develop-  
20 ment and review of an application designated for expedited  
21 review under this section may include, as appropriate—

22 “(1) holding meetings with the sponsor and the  
23 review team throughout the development of the  
24 drug;

25 “(2) providing timely advice to, and interactive  
26 communication with, the sponsor regarding the de-

1       velopment of the drug to ensure that the develop-  
2       ment program to gather the nonclinical and clinical  
3       data necessary for approval is as efficient as prac-  
4       ticable; and

5               “(3) priority review, as described in the Manual  
6       of Policies and Procedures of the Food and Drug  
7       Administration and goals identified in the letters de-  
8       scribed in section 101(b) of the Prescription Drug  
9       User Fee Amendments of 2017.

10       “(d) EXPEDITED REVIEW GUIDANCE.—Not later  
11       than 1 year after the date of enactment of the Cannabis  
12       Administration and Opportunity Act, the Secretary shall  
13       issue guidance on the implementation of this section. Such  
14       guidance shall—

15               “(1) set forth the process by which a person  
16       may seek a designation under subsection (b); and

17               “(2) identify the criteria the Secretary will use  
18       in evaluating a request for designation under this  
19       section.

20       “(e) SMALL BUSINESS CONCERN OWNED AND CON-  
21       TROLLED BY SOCIALLY AND ECONOMICALLY DISADVAN-  
22       TAGED INDIVIDUALS.—In this section, the term ‘small  
23       business concern owned and controlled by socially and eco-  
24       nomicallly disadvantaged individuals’ has the meaning

1 given the term in section 8(d)(3)(C) of the Small Business  
2 Act.”.

3 **SEC. 504. RESEARCH ON CANNABIS.**

4 (a) IN GENERAL.—The Secretary of Health and  
5 Human Services shall award grants to public and non-  
6 profit private institutions to conduct research on short-  
7 and long-term health effects of cannabis, considering bene-  
8 ficial and harmful effects and public health impacts. Such  
9 research shall—

10 (1) consider the health effects of cannabis use  
11 in at-risk or under researched populations, such as  
12 pediatric and older populations, pregnant and  
13 breast-feeding women, and heavy cannabis users;

14 (2) consider the pharmacokinetic and  
15 pharmacodynamic properties of cannabis, modes of  
16 delivery, different concentrations, in various popu-  
17 lations, including the dose-response relationships of  
18 cannabis and tetrahydrocannabinol or other  
19 cannabinoids;

20 (3) consider the harms and benefits associated  
21 with understudied cannabis products, such as  
22 edibles, concentrates, and topical products;

23 (4) involve well-controlled clinical trials on the  
24 potential beneficial and harmful health effects of  
25 using different forms of cannabis, such as inhaled



1 (e.g., smoked or vaporized) whole cannabis plant and  
2 oral cannabis;

3 (5) seek to characterize the health effects of  
4 cannabis on unstudied and understudied health  
5 endpoints, such as epilepsy in pediatric populations,  
6 symptoms of posttraumatic stress disorder, child-  
7 hood and adult cancers, cannabis-related overdoses  
8 and poisonings, and other high-priority health end-  
9 point;

10 (6) include a workshop to develop a set of re-  
11 search standards and benchmarks to guide and en-  
12 sure the production of high-quality cannabis re-  
13 search;

14 (7) seek to enable improvements to Federal  
15 public health surveillance systems and State-based  
16 public health surveillance efforts to inform research  
17 on the short- and long-term health effects of can-  
18 nabis use (both beneficial and harmful effects); and

19 (8) provide support for the development of  
20 novel diagnostic technologies that allow for rapid,  
21 accurate, and noninvasive assessment of cannabis  
22 exposure and impairment.

23 (b) FUNDING.—To carry out this section, there is au-  
24 thorized to be appropriated, and there is appropriated, out  
25 of any funds in the Treasury not otherwise appropriated,

1 \$[ ] for each of fiscal years 2021 through  
2 2025.

3 **SEC. 505. REGULATION OF CANNABIDIOL.**

4 (a) CBD AS A DIETARY SUPPLEMENT.—Section  
5 201(ff)(3)(B) of the Federal Food, Drug, and Cosmetic  
6 Act (21 U.S.C. 321(ff)(3)(B)) is amended, in the matter  
7 preceding subclause (i), by inserting “, except in the case  
8 of cannabidiol derived from hemp (as defined in section  
9 297A of the Agricultural Marketing Act of 1946)” after  
10 “include”.

11 (b) ADULTERATION.—Section 402 of the Federal  
12 Food, Drug, and Cosmetic Act (21 U.S.C. 342) is amend-  
13 ed by adding at the end the following new subsection:

14 “(j)(1) If it is a dietary supplement that contains  
15 cannabidiol, unless—

16 “(A) such dietary supplement contains no more  
17 than an amount of cannabidiol per recommended  
18 daily serving that the Secretary may establish (and  
19 revise or repeal as appropriate), subject to para-  
20 graph (2), through an interim final rule, notwith-  
21 standing any requirement for notice and comment  
22 that may otherwise apply under section 553 of title  
23 5, United States Code;

1           “(B) such dietary supplement is the subject of  
2           a notification submitted to the Secretary in accord-  
3           ance with section 413(a)(2); and

4           “(C) the labeling and packaging of such dietary  
5           supplement conforms with any requirements that the  
6           Secretary establishes regarding labeling or pack-  
7           aging of dietary supplements containing cannabidiol  
8           (which may be promulgated (and revised or repealed  
9           as appropriate) by the Secretary through an interim  
10          final rule, notwithstanding any requirement for no-  
11          tice and comment that may otherwise apply under  
12          section 553 of title 5, United States Code).

13          “(2)(A) The amount of cannabidiol established in ac-  
14          cordance with paragraph (1)(A)—

15                 “(i) shall be a threshold above which the Sec-  
16                 retary may not accept new dietary ingredient notifi-  
17                 cations; and

18                 “(ii) shall not be interpreted as a determination  
19                 that lower amounts of cannabidiol are safe.

20          “(B) The Secretary shall establish such a threshold  
21          based on such factors as the Secretary determines to be  
22          appropriate, which may include a consideration of whether  
23          the review of new dietary ingredient notifications for prod-  
24          ucts containing higher levels of cannabidiol may be unduly  
25          burdensome.”.

1 (c) NEW DIETARY INGREDIENT.—Section 413(a)(1)  
2 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C.  
3 350b(a)(1)) is amended by inserting “contains no  
4 cannabidiol and” before “contains only dietary ingredi-  
5 ents”.

6 (d) NEW PROHIBITED ACT.—Section 301 of the Fed-  
7 eral Food, Drug, and Cosmetic Act (21 U.S.C. 331), as  
8 amended by section 502(b)(6), is further amended by add-  
9 ing at the end the following:

10 “(hhh) The introduction or delivery for introduction  
11 into interstate commerce of any product labeled as a die-  
12 tary supplement that fails to meet the definition of a die-  
13 tary supplement under section 201(ff).”.

14 (e) NEW IMPORT EXCLUSION.—Section 801(a) of the  
15 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381(a))  
16 is amended in paragraph (3) of the third sentence by strik-  
17 ing “section 301(ll)” and inserting “paragraph (ll) or  
18 (hhh) of section 301”.

19 (f) NEW SEIZURE AUTHORITIES.—Section 304 of the  
20 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 334)  
21 is amended—

22 (1) in subsection (a)(1), in the first sentence,  
23 by inserting “or any article which may not be intro-  
24 duced or delivered for introduction into interstate

1 commerce under section 301(hhh),” before “shall be  
2 liable”; and

3 (2) in subsection (d)(1), in the first sentence,  
4 by inserting “, or any product otherwise introduced  
5 or delivered for introduction into interstate com-  
6 merce in violation of section 301(hhh) and con-  
7 demned under this section,” after “under this sec-  
8 tion”.

9 **SEC. 506. AMENDMENT TO THE POISON PREVENTION PACK-**  
10 **AGING ACT.**

11 Section 2(2)(B) of the Poison Prevention Packaging  
12 Act of 1970 (15 U.S.C. 1471(2)(B)) is amended by strik-  
13 ing “or cosmetic” and inserting “cosmetic, or cannabis  
14 product,”

15 **Subtitle B—Federal Cannabis**  
16 **Administration**

17 **SEC. 511. FEDERAL CANNABIS ADMINISTRATION.**

18 The Federal Alcohol Administration Act (27 U.S.C.  
19 201 et seq.) is amended by adding at the end the fol-  
20 lowing:

21 **“TITLE III—CANNABIS**

22 **“SEC. 301. UNLAWFUL BUSINESSES WITHOUT CANNABIS**  
23 **PERMIT.**

24 “(a) IMPORT.—It shall be unlawful, except pursuant  
25 to a permit issued under this title by the Secretary—

1           “(1) to engage in the business of importing  
2           cannabis into the United States; or

3           “(2) for any person so engaged to sell, offer or  
4           deliver for sale, contract to sell, or ship, in interstate  
5           or foreign commerce, directly or indirectly or  
6           through an affiliate, cannabis so imported.

7           “(b) MANUFACTURE AND SALE.—It shall be unlaw-  
8           ful, except pursuant to a permit issued under this title  
9           by the Secretary—

10           “(1) to engage in the business of cultivating,  
11           producing, manufacturing, packaging, or  
12           warehousing cannabis; or

13           “(2) for any person so engaged to sell, offer or  
14           deliver for sale, contract to sell, or ship, in interstate  
15           or foreign commerce, directly or indirectly or  
16           through an affiliate, cannabis so cultivated, pro-  
17           duced, manufactured, packaged, or warehoused.

18           “(c) RESALE.—It shall be unlawful, except pursuant  
19           to a permit issued under this title by the Secretary—

20           “(1) to engage in the business of purchasing  
21           cannabis for resale at wholesale; or

22           “(2) for any person so engaged to receive or to  
23           sell, offer or deliver for sale, contract to sell, or ship,  
24           in interstate or foreign commerce, directly or indi-  
25           rectly or through an affiliate, cannabis so purchased.

1           “(d) TRANSITION RULE.—Subject to section 302(e),  
2 in the case of a person who has filed a complete and accu-  
3 rate application for a permit under this section within 90  
4 days of the date on which the Secretary has issued any  
5 necessary guidance and forms with respect to such appli-  
6 cations, this section shall not apply to such person during  
7 the period prior to any determination under section 302  
8 as to the entitlement of such person to such permit, pro-  
9 vided that such person is in compliance with—

10                   “(1) any applicable regulations under this title;

11           and

12                   “(2) payment of any taxes imposed under chap-  
13           ter 56 of the Internal Revenue Code of 1986.

14   **“SEC. 302. PROCEDURE FOR ISSUANCE OF CANNABIS PER-**  
15                   **MITTS.**

16           “(a) ENTITLEMENT TO PERMIT.—

17                   “(1) IN GENERAL.—The Secretary shall issue a  
18           permit for operations requiring a permit under sec-  
19           tion 301 unless the Secretary finds that—

20                           “(A) the applicant (or if the applicant is a  
21                           corporation, any of its officers, directors, or  
22                           principal stockholders) has been convicted of a  
23                           disqualifying offense;

24                           “(B) the operations proposed to be con-  
25                           ducted by the applicant are in violation of the

1 law of the State in which they are to be con-  
2 ducted; or

3 “(C) the applicant is not likely to maintain  
4 such operations in conformity with Federal law.

5 “(2) DISQUALIFYING OFFENSES.—

6 “(A) IN GENERAL.—For the purposes of  
7 paragraph (1), a disqualifying offense is any  
8 felony violation of any provision of Federal or  
9 State criminal law relating to cannabis or can-  
10 nabis products (including the taxation thereof),  
11 if the conviction occurred after the date of en-  
12 actment of the Cannabis Administration and  
13 Opportunity Act and not later than 3 years be-  
14 fore the date of the application.

15 “(B) WAIVER PURSUANT TO FINDING OF  
16 MITIGATION OR REHABILITATION AND FITNESS  
17 FOR OCCUPATION.—Notwithstanding subpara-  
18 graph (A), an offense shall not be considered a  
19 disqualifying offense if, pursuant to a submis-  
20 sion of waiver request by the applicant to the  
21 Cannabis Products Advisory Committee estab-  
22 lished under section 1111 of the Federal Food,  
23 Drug, and Cosmetic Act, such committee finds  
24 that the applicant has established sufficient  
25 mitigation or rehabilitation and fitness to main-



1           tain cannabis operations in compliance with  
2           State and Federal law by providing—

3                   “(i) evidence showing that—

4                           “(I) the applicant has not been  
5                           convicted of a crime that occurred  
6                           after the date on which the offense  
7                           with respect to which the waiver was  
8                           requested occurred; and

9                           “(II) the applicant has complied  
10                          with all terms and conditions of pro-  
11                          bation or parole; or

12                          “(ii) any other evidence of mitigation  
13                          and present fitness, including—

14                           “(I) the circumstances relating to  
15                           the offense, including mitigating cir-  
16                           cumstances or social conditions sur-  
17                           rounding the commission of the of-  
18                           fense;

19                           “(II) the age of the applicant  
20                           when the applicant committed the of-  
21                           fense;

22                           “(III) the period of time that has  
23                           elapsed since the applicant committed  
24                           the offense;

1                   “(IV) additional evidence of edu-  
2                   cational, training, or work activities  
3                   that the applicant has participated in,  
4                   including during any period of incar-  
5                   ceration;

6                   “(V) letters of reference by per-  
7                   sons who have been in contact with  
8                   the applicant since the applicant was  
9                   released from any correctional institu-  
10                  tion; and

11                  “(VI) completion of, or active  
12                  participation in, rehabilitative drug or  
13                  alcohol treatment.

14                  “(b) REFUSAL OF PERMIT; HEARING.—If upon ex-  
15                  amination of any application for a permit the Secretary  
16                  has reason to believe that the applicant is not entitled to  
17                  such permit, the Secretary shall so notify the applicant  
18                  and, upon request by the applicant, afford the applicant  
19                  due notice and opportunity for hearing on the application.  
20                  If the Secretary, after affording such notice and oppor-  
21                  tunity for hearing, still finds that the applicant is not enti-  
22                  tled to a permit hereunder, the Secretary shall by order  
23                  deny the application stating the findings which are the  
24                  basis for the order.

25                  “(c) FORM OF APPLICATION.—

1 “(1) GENERALLY.—The Secretary shall—

2 “(A) prescribe the manner and form of ap-  
3 plications for permits under this title (including  
4 the facts to be set forth in the application);

5 “(B) prescribe the form of such permits;  
6 and

7 “(C) specify in any permit the authority  
8 conferred by the permit and the conditions of  
9 that permit in accordance with this title.

10 “(2) SEPARATE TYPES OF APPLICATIONS AND  
11 PERMITS.—To the extent deemed necessary by the  
12 Secretary for the efficient administration of this  
13 title, the Secretary may require separate applications  
14 and permits with respect to the various classes of  
15 cannabis, and with respect to the various classes of  
16 persons entitled to permits under this title.

17 “(3) DISCLAIMER.—The issuance of a permit  
18 under this title does not deprive the United States  
19 of any remedy for a violation of law.

20 “(d) CONDITIONS.—

21 “(1) IN GENERAL.—A permit under this title  
22 shall be conditioned upon—

23 “(A) compliance with all other Federal  
24 laws relating to production and sale of can-  
25 nabis, as well as compliance with all State laws

1 relating to said activities in the State in which  
2 the permit applicant resides and does business;  
3 and

4 “(B) payment to the Secretary of a reason-  
5 able permit fee in an amount determined by the  
6 Secretary to be sufficient over time to offset the  
7 cost of implementing and overseeing all aspects  
8 of cannabis regulation by the Federal Govern-  
9 ment.

10 “(2) WAIVER OF PERMIT FEE.—Pursuant to  
11 regulations prescribed by the Secretary, the permit  
12 fee described in paragraph (1)(B) shall be waived in  
13 the case of an individual who—

14 “(A) has had an income below 250 percent  
15 of the Federal Poverty Level for not fewer than  
16 5 of the 10 years preceding the date on which  
17 the individual submits an application for a per-  
18 mit under this title; and

19 “(B) is a first-time applicant.

20 “(e) REVOCATION, SUSPENSION, AND ANNUL-  
21 MENT.—

22 “(1) GENERALLY.—After due notice and oppor-  
23 tunity for hearing, the Secretary may order a permit  
24 under this title—

1           “(A) revoked or suspended for such period  
2 as the Secretary deems appropriate, if the Sec-  
3 retary finds that the permittee has willfully vio-  
4 lated any of the conditions of the permit, but  
5 for a first violation of the conditions the permit  
6 shall be subject to suspension only;

7           “(B) revoked if the Secretary finds that  
8 the permittee has not engaged in the operations  
9 authorized by the permit for a period of more  
10 than 2 years; or

11           “(C) annulled if the Secretary finds that  
12 the permit was procured through fraud, or mis-  
13 representation, or concealment of material fact.

14           “(2) ORDER TO STATE BASIS FOR ORDER.—  
15 The order shall state the findings which are the  
16 basis for the order.

17           “(f) SERVICE OF ORDERS.—Each order of the Sec-  
18 retary with respect to any denial of application, suspen-  
19 sion, revocation, annulment, or other proceedings, shall be  
20 served—

21           “(1) in person by any officer or employee of the  
22 Secretary designated by him or any internal revenue  
23 or customs officer authorized by the Secretary for  
24 the purpose; or

1           “(2) by mailing the order by registered mail,  
2           addressed to the applicant or respondent at his last  
3           known address in the records of the Secretary.

4           “(g) DURATION.—

5           “(1) GENERAL RULE.—Except as otherwise  
6           provided in this subsection, a permit issued under  
7           this title shall continue in effect until suspended, re-  
8           voked, or annulled as provided in this title, or volun-  
9           tarily surrendered.

10           “(2) EFFECT OF TRANSFER.—If operations  
11           under a permit issued under this title are trans-  
12           ferred, the permit automatically terminates 30 days  
13           after the date of that transfer, unless an application  
14           is made by the transferee before the end of that pe-  
15           riod for a permit under this title for those oper-  
16           ations. If such an application is made, the out-  
17           standing permit shall continue in effect until such  
18           application is finally acted on by the Secretary.

19           “(3) DEFINITION OF TRANSFER.—For the pur-  
20           poses of this section, the term ‘transfer’ means any  
21           change of ownership or control, whether voluntary or  
22           by operation of law.

23           “(h) JUDICIAL REVIEW.—A permittee or applicant  
24           for a permit under this title may obtain judicial review  
25           under chapter 7 of title 5, United States Code, of the de-

1 nial of the application of that applicant or, in the case  
2 of a permittee, the denial of an application by the trans-  
3 feree of that permittee.

4 “(i) STATUTE OF LIMITATIONS.—

5 “(1) IN GENERAL.—No proceeding for the sus-  
6 pension or revocation of a permit for violation of any  
7 condition thereof relating to compliance with Federal  
8 law shall be instituted by the Secretary more than  
9 18 months after conviction of the violation of Fed-  
10 eral law, or, if no conviction has been had, more  
11 than 3 years after the violation occurred.

12 “(2) COMPROMISE.—No permit shall be sus-  
13 pended or revoked for a violation of any such condi-  
14 tion thereof if the alleged violation of Federal law  
15 has been compromised by any officer of the Govern-  
16 ment authorized to compromise such violation.

17 **“SEC. 303. DELIVERY OF HEMP INADVERTENTLY EXCEED-**  
18 **ING PERMISSIBLE CONCENTRATION OF**  
19 **DELTA-9 TETRAHYDROCANNABINOL.**

20 “(a) IN GENERAL.—The Secretary, in coordination  
21 with the Secretary of Agriculture and the Secretary of  
22 Health and Human Services, shall issue regulations to es-  
23 tablish a process for the lawful delivery of hemp described  
24 in subsection (b) to a cannabis enterprise holding a permit

1 issued under this title and authorized pursuant to section  
2 5911 of the Internal Revenue Code of 1986.

3 “(b) HEMP DESCRIBED.—Hemp referred to in sub-  
4 section (a) is *Cannabis sativa* L. inadvertently produced  
5 with a delta-9 tetrahydrocannabinol concentration of more  
6 than 0.3 percent on a dry weight basis—

7 “(1) before September 30, 2021, by an institu-  
8 tion of higher education or State department of agri-  
9 culture that grows or cultivates industrial hemp  
10 under section 7606 of the Agricultural Act of 2014  
11 (7 U.S.C. 5940); or

12 “(2) by a producer of hemp under subtitle G of  
13 the Agricultural Marketing Act of 1946 (7 U.S.C.  
14 1639o et seq.).

15 **“SEC. 304. UNFAIR COMPETITION AND UNLAWFUL PRAC-  
16 TICES.**

17 “(a) IN GENERAL.—It shall be unlawful for any per-  
18 son engaged in the business of importing cannabis into  
19 the United States, or cultivating, producing, manufac-  
20 turing, packaging, or warehousing cannabis, or purchasing  
21 cannabis for resale at wholesale, directly or indirectly or  
22 through an affiliate, to do any of the following:

23 “(1) EXCLUSIVE OUTLET.—To require, by  
24 agreement or otherwise, that any retailer engaged in  
25 the sale of cannabis products, purchase any such



1 products from such person to the exclusion in whole  
2 or in part of cannabis sold or offered for sale by  
3 other persons in interstate or foreign commerce, if  
4 such requirement is made in the course of interstate  
5 or foreign commerce, or if such person engages in  
6 such practice to such an extent as substantially to  
7 restrain or prevent transactions in interstate or for-  
8 eign commerce in any such products, or if the direct  
9 effect of such requirement is to prevent, deter,  
10 hinder, or restrict other persons from selling or of-  
11 fering for sale any such products to such retailer in  
12 interstate or foreign commerce.

13 “(2) TIED HOUSE.—To induce through any of  
14 the following means, any retailer, engaged in the  
15 sale of cannabis products to purchase any such prod-  
16 ucts from such person to the exclusion in whole or  
17 in part of cannabis sold or offered for sale by other  
18 persons in interstate or foreign commerce, if such  
19 inducement is made in the course of interstate or  
20 foreign commerce, or if such person engages in the  
21 practice of using such means, or any of them, to  
22 such an extent as substantially to restrain or prevent  
23 transactions in interstate or foreign commerce in  
24 any such products, or if the direct effect of such in-  
25 ducement is to prevent, deter, hinder, or restrict

1 other persons from selling or offering for sale any  
2 such products to such retailer in interstate or for-  
3 eign commerce:

4 “(A) Acquiring or holding (after the expi-  
5 ration of any existing license) any interest in  
6 any license with respect to the premises of the  
7 retailer.

8 “(B) Acquiring any interest in real or per-  
9 sonal property owned, occupied, or used by the  
10 retailer in the conduct of his business.

11 “(C) Furnishing, giving, renting, lending,  
12 or selling to the retailer, any equipment, fix-  
13 tures, signs, supplies, money, services, or other  
14 thing of value, subject to such exceptions as the  
15 Secretary shall by regulation prescribe, having  
16 due regard for public health, the quantity and  
17 value of articles involved, established trade cus-  
18 toms not contrary to the public interest and the  
19 purposes of this subsection.

20 “(D) Paying or crediting the retailer for  
21 any advertising, display, or distribution service.

22 “(E) Guaranteeing any loan or the repay-  
23 ment of any financial obligation of the retailer.

24 “(F) Extending to the retailer credit for a  
25 period in excess of the credit period usual and

1           customary to the industry for the particular  
2           class of transactions, as ascertained by the Sec-  
3           retary of the Treasury and prescribed by regu-  
4           lations by him.

5           “(G) Requiring the retailer to take and  
6           dispose of a certain quota of any of such prod-  
7           ucts.

8           “(3) COMMERCIAL BRIBERY.—To induce  
9           through any of the following means, any trade buyer  
10          engaged in the sale of cannabis products, to pur-  
11          chase any such products from such person to the ex-  
12          clusion in whole or in part of cannabis products sold  
13          or offered for sale by other persons in interstate or  
14          foreign commerce, if such inducement is made in the  
15          course of interstate or foreign commerce, or if such  
16          person engages in the practice of using such means,  
17          or any of them, to such an extent as substantially  
18          to restrain or prevent transactions in interstate or  
19          foreign commerce in any such products, or if the di-  
20          rect effect of such inducement is to prevent, deter,  
21          hinder, or restrict other persons from selling or of-  
22          fering for sale any such products to such trade  
23          buyer in interstate or foreign commerce:

24                 “(A) Commercial bribery.

1           “(B) Offering or giving any bonus, pre-  
2           mium, or compensation to any officer, or em-  
3           ployee, or representative of the trade buyer.

4           “(4) CONSIGNMENT SALES.—To sell, offer for  
5           sale, or contract to sell to any trade buyer engaged  
6           in the sale of cannabis products, or for any such  
7           trade buyer to purchase, offer to purchase, or con-  
8           tract to purchase, any such products on consignment  
9           or under conditional sale or with the privilege of re-  
10          turn or on any basis otherwise than a bona fide sale,  
11          or where any part of such transaction involves, di-  
12          rectly or indirectly, the acquisition by such person  
13          from the trade buyer or his agreement to acquire  
14          from the trade buyer other cannabis products, if  
15          such sale, purchase, offer, or contract is made in the  
16          course of interstate or foreign commerce, or if such  
17          person or trade buyer engages in such practice to  
18          such an extent as substantially to restrain or prevent  
19          transactions in interstate or foreign commerce in  
20          any such products or if the direct effect of such sale,  
21          purchase, offer, or contract is to prevent, deter,  
22          hinder, or restrict other persons from selling or of-  
23          fering for sale any such products to such trade  
24          buyer in interstate or foreign commerce.

1           “(5) LABELING.—To sell or ship or deliver for  
2           sale or shipment, or otherwise introduce in interstate  
3           or foreign commerce, or to receive therein, or to re-  
4           move from customs custody for consumption, any  
5           cannabis product in packages, unless such products  
6           are packaged, and labeled in conformity with such  
7           regulations, to be prescribed by the Secretary, with  
8           respect to packaging, marking, branding, and label-  
9           ing and size of container—

10                   “(A) as will prohibit deception of the con-  
11                   sumer with respect to such products or the  
12                   quantity thereof and as will prohibit, irrespec-  
13                   tive of falsity, such statements relating to man-  
14                   ufacturing processes, analyses, guarantees, and  
15                   scientific or irrelevant matters as the Secretary  
16                   finds to be likely to mislead the consumer;

17                   “(B) as will provide the consumer with in-  
18                   formation described in section 1103 of the Fed-  
19                   eral Food, Drug, and Cosmetic Act ;

20                   “(C) as will require compliance with sec-  
21                   tion 112(b) of the Cannabis Administration and  
22                   Opportunity Act;

23                   “(D) as will prohibit statements on the  
24                   label that are disparaging of a competitor’s

1 products or are false, misleading, obscene, or  
2 indecent; and

3 “(E) as will prevent deception of the con-  
4 sumer by use of a trade or brand name that is  
5 the name of any living individual of public  
6 prominence, or existing private or public organi-  
7 zation, or is a name that is in simulation or is  
8 an abbreviation thereof, and as will prevent the  
9 use of a graphic, pictorial, or emblematic rep-  
10 resentation of any such individual or organiza-  
11 tion, if the use of such name or representation  
12 is likely falsely to lead the consumer to believe  
13 that the product has been indorsed, made, or  
14 used by, or produced for, or under the super-  
15 vision of, or in accordance with the specifica-  
16 tions of, such individual or organization.

17 “(6) ADVERTISING.—To publish or disseminate  
18 or cause to be published or disseminated by radio  
19 broadcast, or in any newspaper, periodical or other  
20 publication or by any sign or outdoor advertisement  
21 or any other printed or graphic matter, any adver-  
22 tisement of cannabis, if such advertisement is in, or  
23 is calculated to induce sales in, interstate or foreign  
24 commerce, or is disseminated by mail, unless such

1 advertisement is in conformity with such regulations,  
2 to be prescribed by the Secretary, as will—

3 “(A) prevent deception of the consumer  
4 with respect to the products advertised and as  
5 will prohibit, irrespective of falsity, such state-  
6 ments relating to manufacturing processes,  
7 analyses, guaranties, and scientific or irrelevant  
8 matters as the Secretary finds to be likely to  
9 mislead the consumer;

10 “(B) provide the consumer with adequate  
11 information as to the identity and quality of the  
12 products advertised, the characteristics thereof,  
13 and the person responsible for the advertise-  
14 ment;

15 “(C) prohibit statements that are dispar-  
16 aging of a competitor’s products or are false,  
17 misleading, obscene, or indecent; and

18 “(D) prevent statements inconsistent with  
19 any statement on the labeling of the products  
20 advertised.

21 “(b) REMOVAL OR DESTRUCTION OF LABEL.—It  
22 shall be unlawful for any person to alter, mutilate, destroy,  
23 obliterate, or remove any mark, brand, or label upon can-  
24 nabis products held for sale in interstate or foreign com-  
25 merce or after shipment therein, except as authorized by

1 Federal law or except pursuant to regulations of the Sec-  
2 retary authorizing relabeling for purposes of compliance  
3 with the requirements of this subsection or of State law.

4 “(c) EXCEPTIONS.—

5 “(1) CONSIGNMENT SALES.—Paragraph (4) of  
6 subsection (a) shall not apply to transactions involv-  
7 ing solely the bona fide return of merchandise for  
8 ordinary and usual commercial reasons arising after  
9 the merchandise has been sold.

10 “(2) LABELING.—Paragraph (5) of such sub-  
11 section shall not apply to the use of the name of any  
12 person engaged in business as a manufacturer of  
13 cannabis products, nor to the use by any person of  
14 a trade or brand name used by him or his prede-  
15 cessor in interest prior to the date of enactment of  
16 the Cannabis Administration and Opportunity Act.

17 “(3) ADVERTISING.—Paragraph (6) of such  
18 subsection shall not apply to the publisher of any  
19 newspaper, periodical, or other publication, or radio  
20 broadcaster, unless such publisher or radio broad-  
21 caster is engaged in the business of importing can-  
22 nabis into the United States, or cultivating, pro-  
23 ducing, manufacturing, packaging, or warehousing  
24 cannabis, or purchasing cannabis for resale at whole-  
25 sale, directly or indirectly or through an affiliate.



1 **“SEC. 305. REMEDIES FOR VIOLATIONS.**

2 “(a) CRIMINAL FINE.—

3 “(1) GENERALLY.—Whoever violates section  
4 301 shall be fined not more than \$1,000.

5 “(2) SETTLEMENT IN COMPROMISE.—The Sec-  
6 retary may decide not to refer a violation of such  
7 section to the Attorney General for prosecution but  
8 instead to collect a payment from the violator of no  
9 more than \$500 for that violation.

10 “(b) CIVIL ACTION FOR RELIEF.—The Attorney  
11 General may, in a civil action, obtain appropriate relief  
12 to prevent and restrain a violation of this title.

13 **“SEC. 306. DEFINITIONS.**

14 “In this title—

15 “(1) the term ‘cannabis’ has the meaning given  
16 such term in section 3 of the Cannabis Administra-  
17 tion and Opportunity Act;

18 “(2) the term ‘Secretary’ means the Secretary  
19 of the Treasury or the Secretary’s delegate; and

20 “(3) the term ‘State’ includes the District of  
21 Columbia, Puerto Rico, and any territory or posses-  
22 sion of the United States.”.

1 **SEC. 512. INCREASED FUNDING FOR THE ALCOHOL, TO-**  
2 **BACCO, AND CANNABIS TAX AND TRADE BU-**  
3 **REAU.**

4 In addition to any other amounts authorized to be  
5 appropriated to the Alcohol, Tobacco, and Cannabis Tax  
6 and Trade Bureau, there is authorized to be appropriated,  
7 for each of the fiscal years 2021 through 2025,  
8 \$[\_\_\_\_\_], which shall be used to carry out this  
9 Act and the amendments made by this Act.

10 **TITLE VI—MISCELLANEOUS**

11 **SEC. 601. COMPTROLLER GENERAL REVIEW OF LAWS AND**  
12 **REGULATIONS.**

13 (a) IN GENERAL.—The Comptroller General shall  
14 conduct a review of Federal laws, regulations, and policies  
15 to—

16 (1) determine if any changes in them are desir-  
17 able in the light of the purposes and provisions of  
18 this Act;

19 (2) identify any use of the terms “marijuana”  
20 or “marihuana” in the rulings, regulations, or inter-  
21 pretations of various administrative bureaus and  
22 agencies of the United States and direct that such  
23 terms be replaced with the term “cannabis”; and

24 (3) identify any use of the terms “marijuana”  
25 or “marihuana” in the statutes of the United States  
26 and propose any amendments necessary to such

1 statutes to replace such terms with the term “can-  
2 nabis”.

3 (b) REPORT.—Not later than 2 years after the date  
4 of the enactment of this Act, the Comptroller General shall  
5 make to Congress and the relevant agencies such rec-  
6 ommendations relating to the results of the review de-  
7 scribed in subsection (a) as the Comptroller General  
8 deems appropriate.

9 **SEC. 602. SEVERABILITY.**

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