

119TH CONGRESS  
1ST SESSION

# H. R. 5068

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 HOUSE OF REPRESENTATIVES

AUGUST 29, 2025

Mr. NADLER (for himself, Ms. TITUS, Ms. OMAR, Ms. VELÁZQUEZ, Mr. LIEU, Ms. NORTON, Mr. COHEN, Mr. MCGARVEY, Mr. CORREA, Mr. THANEDAR, Ms. BALINT, Ms. PINGREE, Mr. TONKO, Mr. CARBAJAL, Mr. SMITH of Washington, Mr. DOGGETT, Ms. JAYAPAL, Ms. TLAIB, Mr. CLEAVER, Ms. WILSON of Florida, Ms. BROWNLEY, Ms. DEGETTE, Mr. HUFFMAN, Ms. WILLIAMS of Georgia, Mr. FROST, Mrs. WATSON COLEMAN, Mr. ESPAILLAT, Ms. KELLY of Illinois, Ms. GARCIA of Texas, Mr. POCAN, Mr. CARTER of Louisiana, Ms. DELBENE, Mr. SHERMAN, Mr. GARCÍA of Illinois, Mr. DAVID SCOTT of Georgia, Ms. CROCKETT, Mr. CASAR, Mr. KHANNA, Mr. JOHNSON of Georgia, Mr. MRVAN, and Ms. CASTOR of Florida) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Agriculture, Education and Workforce, Ways and Means, Small Business, Natural Resources, Oversight and Government Reform, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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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.**

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

7       **SEC. 2. FINDINGS.**

8       The Congress finds as follows:

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

12              (2) A legacy of racial and ethnic injustices,  
13       compounded by the disproportionate collateral con-  
14       sequences of 80 years of cannabis prohibition en-  
15       forcement, now limits participation in the industry.

16              (3) 40 States, the District of Columbia, Puerto  
17       Rico, Guam, and the U.S. Virgin Islands have  
18       adopted laws allowing legal access to cannabis, and  
19       24 States, the District of Columbia, the Common-  
20       wealth of the Northern Mariana Islands, and Guam  
21       have adopted laws legalizing cannabis for adult rec-  
22       reational use.

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

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

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

7           (7) The continued enforcement of cannabis pro-  
8     hibition laws results in over 200,000 arrests annu-  
9     ally, disproportionately impacting people of color  
10    who are almost 4 times more likely to be arrested  
11    for cannabis possession than their White counter-  
12    parts, despite equal rates of use across populations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (A) in paragraph (1)—

8 (i) in subparagraph (A)—

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

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

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

14 (ii) in subparagraph (B)—

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

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

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

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

24 (iv) by striking subparagraph (D);

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

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

(c) OTHER CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

(3) FMCSA PROVISIONS.—

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

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 term  
19 ‘controlled substance’ has the meaning given such term  
20 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           (d) RETROACTIVITY.—The amendments made by this  
7           section to the Controlled Substances Act (21 U.S.C. 801  
8           et seq.) are retroactive and shall apply to any offense com-  
9           mitted, case pending, conviction entered, and, in the case  
10          of a juvenile, any offense committed, case pending, or ad-  
11          judication of juvenile delinquency entered before, on, or  
12          after the date of enactment of this Act.

13          (e) EFFECT ON OTHER LAW.—Nothing in this sub-  
14          title shall affect or modify—

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

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

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

22                        (A) under—

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

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

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

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

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

20 “(h) MARIJUANA.—

21 “(1) CONTINUED TESTING.—Notwithstanding  
22 the Marijuana Opportunity Reinvestment and  
23 Expungement Act and the amendments made there-  
24 by, the Secretary of Health and Human Services  
25 may continue to include marijuana for purposes of

1 drug testing of Federal employees subject to this  
2 section, Executive Order 12564, or other applicable  
3 Federal laws and orders.

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

10 (h) SPECIAL RULE FOR CERTAIN REGULATIONS.—

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

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

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

24 (B) any substance not covered under sub-  
25 paragraph (A) that was a substance covered

1 under section 102 of the Controlled Substances  
2 Act (21 U.S.C. 802) on December 1, 2018, and  
3 specified by the Secretary of Transportation.

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

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

9 (1) individuals who are business owners in the  
10 cannabis industry; and

11 (2) individuals who are employed in the can-  
12 nabis industry.

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

- 15 (1) age;
- 16 (2) certifications and licenses;
- 17 (3) disability status;
- 18 (4) educational attainment;
- 19 (5) family and marital status;
- 20 (6) nativity;
- 21 (7) race and Hispanic ethnicity;
- 22 (8) school enrollment;
- 23 (9) veteran status; and
- 24 (10) sex.

1 (c) CONFIDENTIALITY.—The name, address, and  
 2 other identifying information of individuals employed in  
 3 the cannabis industry shall be kept confidential by the Bu-  
 4 reau and not be made available to the public.

5 (d) DEFINITIONS.—In this section:

6 (1) CANNABIS.—The term “cannabis” means  
 7 either marijuana or cannabis as defined under the  
 8 State law authorizing the sale or use of cannabis in  
 9 which the individual or entity is located.

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

14 (3) OWNER.—The term “owner” means an in-  
 15 dividual or entity that is defined as an owner under  
 16 the State or local law where the individual or busi-  
 17 ness is licensed or permitted.

18 **SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IM-**  
 19 **POSITION OF TAXES WITH RESPECT TO CAN-**  
 20 **NABIS PRODUCTS.**

21 (a) ESTABLISHMENT OF OPPORTUNITY TRUST  
 22 FUND.—Subchapter A of chapter 98 of the Internal Rev-  
 23 enue Code of 1986 is amended by adding at the end the  
 24 following new section:

1   **“SEC. 9512. ESTABLISHMENT OF OPPORTUNITY TRUST**  
2                   **FUND.**

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

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

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

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

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

22           “(3) 20 percent to the Administrator of the  
23   Small Business Administration to carry out section  
24   6(b)(1) of the Marijuana Opportunity Reinvestment  
25   and Expungement Act.

1           “(4) 20 percent to the Administrator of the  
 2           Small Business Administration to carry out section  
 3           6(b)(2) of the Marijuana Opportunity Reinvestment  
 4           and Expungement Act.”.

5           (b) CANNABIS REVENUE AND REGULATION ACT.—  
 6           Subtitle E of the Internal Revenue Code of 1986 is  
 7           amended by adding at the end the following new chapter:

8           **“CHAPTER 56—CANNABIS PRODUCTS**

                  “SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

                          “SUBCHAPTER B. OCCUPATIONAL TAX

                          “SUBCHAPTER C. BOND AND PERMITS

                          “SUBCHAPTER D. OPERATIONS

                          “SUBCHAPTER E. PENALTIES

9           **“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.

10          **“SEC. 5901. IMPOSITION OF TAX.**

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

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

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

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

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

10          “(2) For any cannabis product removed during  
11       the calendar year after the last calendar year to  
12       which paragraph (1) applies, 6 percent.

13          “(3) For any cannabis product removed during  
14       the calendar year after the calendar year to which  
15       paragraph (2) applies, 7 percent.

16          “(4) For any cannabis product removed during  
17       the calendar year after the calendar year to which  
18       paragraph (3) applies, 8 percent.

19       “(c) APPLICABLE EQUIVALENT AMOUNT.—

20          “(1) IN GENERAL.—For purposes of subsection  
21       (a)(2), the term ‘applicable equivalent amount’  
22       means, with respect to any cannabis product re-  
23       moved during any calendar year, an amount equal  
24       to—

1           “(A) in the case of any cannabis product  
 2           not described in subparagraph (B), the product  
 3           of the applicable rate per ounce multiplied by  
 4           the number of ounces of such product (and a  
 5           proportionate tax at the like rate on all frac-  
 6           tional parts of an ounce of such product), and

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

14          “(2) APPLICABLE RATES.—

15               “(A) IN GENERAL.—For purposes of para-  
 16               graph (1)(A), the term ‘applicable rate per  
 17               ounce’ means, with respect to any cannabis  
 18               product removed during any calendar year, 8  
 19               percent of the prevailing sales price of cannabis  
 20               flowers sold in the United States during the 12-  
 21               month period ending one calendar quarter be-  
 22               fore such calendar year, expressed on a per  
 23               ounce basis, as determined by the Secretary.

24               “(B) THC-MEASURABLE CANNABIS PROD-  
 25               UCTS.—For purposes of paragraph (1)(B), the

term ‘applicable rate per gram’ means, with respect to any cannabis product removed during any calendar year, 8 percent of the prevailing sales price of tetrahydrocannabinol sold in the United States during the 12-month period ending one calendar quarter before such calendar year, expressed on a per gram basis, as determined by the Secretary.

“(d) TIME OF ATTACHMENT ON CANNABIS PRODUCTS.—The tax under this section shall attach to any cannabis product as soon as such product is in existence as such, whether it be subsequently separated or transferred into any other substance, either in the process of original production or by any subsequent process.

**“SEC. 5902. DEFINITIONS.**

“(a) DEFINITIONS RELATED TO CANNABIS PRODUCTS.—For purposes of this chapter—

“(1) CANNABIS PRODUCT.—

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

“(B) EXCEPTIONS.—The term ‘cannabis product’ shall not include an FDA-approved article or industrial hemp.

1           “(C) FDA-APPROVED ARTICLE.—The term  
2           ‘FDA-approved article’ means any article if the  
3           producer or importer thereof demonstrates to  
4           the satisfaction of the Secretary of Health and  
5           Human Services that such article is—

6                   “(i) a drug—

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

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

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

24           “(D) INDUSTRIAL HEMP.—The term ‘in-  
25           dustrial hemp’ means the plant *Cannabis sativa*

1 L. and any part of such plant, whether growing  
2 or not, with a delta-9 tetrahydrocannabinol con-  
3 centration of not more than 0.3 percent on a  
4 dry weight basis.

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

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

12 “(B) which is not cannabis flower and the  
13 concentration of tetrahydrocannabinol in which  
14 is significantly higher than the average such  
15 concentration in cannabis flower.

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

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

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

24 “(2) PRODUCER.—

1           “(A) IN GENERAL.—The term ‘producer’  
2           means any person who plants, cultivates, har-  
3           vests, grows, manufactures, produces, com-  
4           pounds, converts, processes, prepares, or pack-  
5           ages any cannabis product.

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

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

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

19               “(B) removes cannabis products for sale or  
20               consumption in the United States from a cus-  
21               toms bonded warehouse, or

22               “(C) smuggles or otherwise unlawfully  
23               brings any cannabis product into the United  
24               States.

25          “(4) EXPORT WAREHOUSE PROPRIETOR.—

1           “(A) IN GENERAL.—The term ‘export  
2           warehouse proprietor’ means any person who  
3           operates an export warehouse.

4           “(B) EXPORT WAREHOUSE.—The term  
5           ‘export warehouse’ means a bonded internal  
6           revenue warehouse for the storage of cannabis  
7           products, upon which the internal revenue tax  
8           has not been paid—

9                   “(i) for subsequent shipment to a for-  
10                  eign country or a possession of the United  
11                  States, or

12                   “(ii) for consumption beyond the ju-  
13                  risdiction of the internal revenue laws of  
14                  the United States.

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

20           “(c) OTHER DEFINITIONS.—For purposes of this  
21           chapter—

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

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

1           “(A) the transfer of cannabis products  
2           from the premises of a producer (or the trans-  
3           fer of such products from the bonded premises  
4           of a producer to a non-bonded premises of such  
5           producer),

6           “(B) release of such products from cus-  
7           toms custody, or

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

10          “(3) REMOVAL PRICE.—The term ‘removal  
11          price’ means—

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

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

19           “(C) if there is no sale which occurs in  
20           connection with such removal, the price which  
21           would be determined under section 5903(e) if  
22           such product were sold at a price which cannot  
23           be determined.

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

25          “(a) LIABILITY FOR TAX.—

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

4           “(2) TRANSFER OF LIABILITY.—

5               “(A) IN GENERAL.—When cannabis prod-  
6 ucts are transferred, without payment of tax,  
7 pursuant to subsection (b) or (c) of section  
8 5904—

9                   “(i) except as provided in clause (ii),  
10 the transferee shall become liable for the  
11 tax upon receipt by the transferee of such  
12 articles, and the transferor shall thereupon  
13 be relieved of their liability for such tax,  
14 and

15                   “(ii) in the case of cannabis products  
16 which are released in bond from customs  
17 custody for transfer to the bonded prem-  
18 ises of a producer, the transferee shall be-  
19 come liable for the tax on such articles  
20 upon release from customs custody, and  
21 the importer shall thereupon be relieved of  
22 their liability for such tax.

23           “(B) RETURNED TO BOND.—All provisions  
24 of this chapter applicable to cannabis products  
25 in bond shall be applicable to such articles re-

1           turned to bond upon withdrawal from the mar-  
2           ket or returned to bond after previous removal  
3           for a tax-exempt purpose.

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

5           “(1) IN GENERAL.—

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

7           The taxes imposed by section 5901 shall be  
8           paid on the basis of return. The Secretary shall,  
9           by regulations, prescribe the period or the event  
10          to be covered by such return and the informa-  
11          tion to be furnished on such return.

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

20          “(C) POSTPONEMENT.—Any postponement  
21          under this subsection of the payment of taxes  
22          determined at the time of removal shall be con-  
23          ditioned upon the filing of such additional  
24          bonds, and upon compliance with such require-  
25          ments, as the Secretary may prescribe for the

1 protection of the revenue. The Secretary may,  
2 by regulations, require payment of tax on the  
3 basis of a return prior to removal of the can-  
4 nabis products where a person defaults in the  
5 postponed payment of tax on the basis of a re-  
6 turn under this subsection or regulations pre-  
7 scribed thereunder.

8 “(D) ADMINISTRATION AND PENALTIES.—  
9 All administrative and penalty provisions of this  
10 title, insofar as applicable, shall apply to any  
11 tax imposed by section 5901.

12 “(2) TIME FOR PAYMENT OF TAXES.—

13 “(A) IN GENERAL.—Except as otherwise  
14 provided in this paragraph, in the case of taxes  
15 on cannabis products removed during any semi-  
16 monthly period under bond for deferred pay-  
17 ment of tax, the last day for payment of such  
18 taxes shall be the 14th day after the last day  
19 of such semimonthly period.

20 “(B) IMPORTED ARTICLES.—In the case of  
21 cannabis products which are imported into the  
22 United States, the following provisions shall  
23 apply:

24 “(i) IN GENERAL.—The last day for  
25 payment of tax shall be the 14th day after

1 the last day of the semimonthly period  
2 during which the article is entered into the  
3 customs territory of the United States.

4 “(ii) SPECIAL RULE FOR ENTRY OF  
5 WAREHOUSING.—Except as provided in  
6 clause (iv), in the case of an entry for  
7 warehousing, the last day for payment of  
8 tax shall not be later than the 14th day  
9 after the last day of the semimonthly pe-  
10 riod during which the article is removed  
11 from the first such warehouse.

12 “(iii) FOREIGN TRADE ZONES.—Ex-  
13 cept as provided in clause (iv) and in regu-  
14 lations prescribed by the Secretary, articles  
15 brought into a foreign trade zone shall,  
16 notwithstanding any other provision of law,  
17 be treated for purposes of this subsection  
18 as if such zone were a single customs  
19 warehouse.

20 “(iv) EXCEPTION FOR ARTICLES DES-  
21 TINED FOR EXPORT.—Clauses (ii) and (iii)  
22 shall not apply to any article which is  
23 shown to the satisfaction of the Secretary  
24 to be destined for export.

1           “(C) CANNABIS PRODUCTS BROUGHT INTO  
2           THE UNITED STATES FROM PUERTO RICO.—In  
3           the case of cannabis products which are  
4           brought into the United States from Puerto  
5           Rico and subject to tax under section 7652, the  
6           last day for payment of tax shall be the 14th  
7           day after the last day of the semimonthly pe-  
8           riod during which the article is brought into the  
9           United States.

10          “(D) SPECIAL RULE WHERE DUE DATE  
11          FALLS ON SATURDAY, SUNDAY, OR HOLIDAY.—  
12          Notwithstanding section 7503, if, but for this  
13          subparagraph, the due date under this para-  
14          graph would fall on a Saturday, Sunday, or a  
15          legal holiday (as defined in section 7503), such  
16          due date shall be the immediately preceding day  
17          which is not a Saturday, Sunday, or such a hol-  
18          iday.

19          “(E) SPECIAL RULE FOR UNLAWFULLY  
20          PRODUCED CANNABIS PRODUCTS.—In the case  
21          of any cannabis products produced in the  
22          United States at any place other than the  
23          premises of a producer that has filed the bond  
24          and obtained the permit required under this

1 chapter, tax shall be due and payable imme-  
2 diately upon production.

3 “(3) PAYMENT BY ELECTRONIC FUND TRANS-  
4 FER.—Any person who in any 12-month period, end-  
5 ing December 31, was liable for a gross amount  
6 equal to or exceeding \$5,000,000 in taxes imposed  
7 on cannabis products by section 5901 (or section  
8 7652) shall pay such taxes during the succeeding  
9 calendar year by electronic fund transfer (as defined  
10 in section 5061(e)(2)) to a Federal Reserve Bank.  
11 Rules similar to the rules of section 5061(e)(3) shall  
12 apply to the \$5,000,000 amount specified in the pre-  
13 ceding sentence.

14 “(c) DETERMINATION OF PRICE.—

15 “(1) CONSTRUCTIVE SALE PRICE.—

16 “(A) IN GENERAL.—If an article is sold di-  
17 rectly to consumers, sold on consignment, or  
18 sold (otherwise than through an arm’s length  
19 transaction) at less than the fair market price,  
20 or if the price for which the article sold cannot  
21 be determined, the tax under section 5901(a)  
22 shall be computed on the price for which such  
23 articles are sold, in the ordinary course of  
24 trade, by producers thereof, as determined by  
25 the Secretary.

1 “(B) ARM’S LENGTH.—

2 “(i) IN GENERAL.—For purposes of  
3 this section, a sale is considered to be  
4 made under circumstances otherwise than  
5 at arm’s length if—

6 “(I) the parties are members of  
7 the same controlled group, whether or  
8 not such control is actually exercised  
9 to influence the sale price,

10 “(II) the parties are members of  
11 a family, as defined in section  
12 267(c)(4), or

13 “(III) the sale is made pursuant  
14 to special arrangements between a  
15 producer and a purchaser.

16 “(ii) CONTROLLED GROUPS.—

17 “(I) IN GENERAL.—The term  
18 ‘controlled group’ has the meaning  
19 given to such term by subsection (a)  
20 of section 1563, except that ‘more  
21 than 50 percent’ shall be substituted  
22 for ‘at least 80 percent’ each place it  
23 appears in such subsection.

24 “(II) CONTROLLED GROUPS  
25 WHICH INCLUDE NONINCORPORATED

1                   PERSONS.—Under regulations pre-  
2                   scribed by the Secretary, principles  
3                   similar to the principles of subclause  
4                   (I) shall apply to a group of persons  
5                   under common control where one or  
6                   more of such persons is not a corpora-  
7                   tion.

8                   “(2) CONTAINERS, PACKING AND TRANSPOR-  
9                   TATION CHARGES.—In determining, for the purposes  
10                  of this chapter, the price for which an article is sold,  
11                  there shall be included any charge for coverings and  
12                  containers of whatever nature, and any charge inci-  
13                  dent to placing the article in condition packed ready  
14                  for shipment, but there shall be excluded the amount  
15                  of tax imposed by this chapter, whether or not stat-  
16                  ed as a separate charge. A transportation, delivery,  
17                  insurance, installation, or other charge (not required  
18                  by the preceding sentence to be included) shall be  
19                  excluded from the price only if the amount thereof  
20                  is established to the satisfaction of the Secretary in  
21                  accordance with regulations.

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

1       “(d) PARTIAL PAYMENTS AND INSTALLMENT AC-  
2 COUNTS.—

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

4                       “(A) a contract for the sale of an article  
5                       wherein it is provided that the price shall be  
6                       paid by installments and title to the article sold  
7                       does not pass until a future date notwith-  
8                       standing partial payment by installments,

9                       “(B) a conditional sale, or

10                      “(C) a chattel mortgage arrangement  
11                      wherein it is provided that the sales price shall  
12                      be paid in installments,

13                      there shall be paid upon each payment with respect  
14                      to the article a percentage of such payment equal to  
15                      the rate of tax in effect on the date such payment  
16                      is due.

17               “(2) SALES OF INSTALLMENT ACCOUNTS.—If  
18                      installment accounts, with respect to payments on  
19                      which tax is being computed as provided in para-  
20                      graph (1), are sold or otherwise disposed of, then  
21                      paragraph (1) shall not apply with respect to any  
22                      subsequent payments on such accounts (other than  
23                      subsequent payments on returned accounts with re-  
24                      spect to which credit or refund is allowable by rea-  
25                      son of section 6416(b)(5)), but instead—

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

3                   “(i) the tax previously paid on the  
4 payments on such installment accounts,  
5 and

6                   “(ii) the total tax which would be pay-  
7 able if such installment accounts had not  
8 been sold or otherwise disposed of (com-  
9 puted as provided in paragraph (1)), ex-  
10 cept that

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

17                   “(i) the proportionate share of the  
18 amount for which such accounts are sold  
19 which is allocable to each unpaid install-  
20 ment payment, by

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

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

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

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

11           “(1) exclusively in scientific research by a lab-  
12   oratory,

13           “(2) by a proprietor of a cannabis production  
14   facility in research, development, or testing (other  
15   than consumer testing or other market analysis) of  
16   processes, systems, materials, or equipment, relating  
17   to cannabis or cannabis operations, under such limi-  
18   tations and conditions as to quantities, use, and ac-  
19   countability as the Secretary may by regulations re-  
20   quire for the protection of the revenue, or

21           “(3) by the United States or any governmental  
22   agency thereof, any State, any political subdivision  
23   of a State, or the District of Columbia, for non-  
24   consumption purposes.

1       “(b) CANNABIS PRODUCTS TRANSFERRED OR RE-  
2 MOVED IN BOND FROM DOMESTIC FACTORIES AND EX-  
3 PORT WAREHOUSES.—

4           “(1) IN GENERAL.—Subject to such regulations  
5 and under such bonds as the Secretary shall pre-  
6 scribe, a producer or export warehouse proprietor  
7 may transfer cannabis products, without payment of  
8 tax, to the bonded premises of another producer or  
9 export warehouse proprietor, or remove such articles,  
10 without payment of tax, for shipment to a foreign  
11 country or a possession of the United States, or for  
12 consumption beyond the jurisdiction of the internal  
13 revenue laws of the United States.

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

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

1       “(d) CANNABIS PRODUCTS EXPORTED AND RE-  
2   TURNED.—Cannabis products classifiable under item  
3   9801.00.10 of the Harmonized Tariff Schedule of the  
4   United States (relating to duty on certain articles pre-  
5   viously exported and returned), as in effect on the date  
6   of the enactment of the Marijuana Opportunity Reinvest-  
7   ment and Expungement Act, may be released from cus-  
8   toms custody, without payment of that part of the duty  
9   attributable to the internal revenue tax for delivery to the  
10  original producer of such cannabis products or to the ex-  
11  port warehouse proprietor authorized by such producer to  
12  receive such products, in accordance with such regulations  
13  and under such bond as the Secretary shall prescribe.  
14  Upon such release such products shall be subject to this  
15  chapter as if they had not been exported or otherwise re-  
16  moved from internal revenue bond.

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

18       “(a) CREDIT OR REFUND.—

19               “(1) IN GENERAL.—Credit or refund of any tax  
20       imposed by this chapter or section 7652 shall be al-  
21       lowed or made (without interest) to the cannabis en-  
22       terprise on proof satisfactory to the Secretary that  
23       the claimant cannabis enterprise has paid the tax  
24       on—

1           “(A) cannabis products withdrawn from  
2           the market by the claimant, or

3           “(B) such products lost (otherwise than by  
4           theft) or destroyed, by fire, casualty, or act of  
5           God, while in the possession or ownership of the  
6           claimant.

7           “(2) CANNABIS PRODUCTS LOST OR DE-  
8           STROYED IN BOND.—

9           “(A) EXTENT OF LOSS ALLOWANCE.—No  
10          tax shall be collected in respect of cannabis  
11          products lost or destroyed while in bond, except  
12          that such tax shall be collected—

13               “(i) in the case of loss by theft, unless  
14               the Secretary finds that the theft occurred  
15               without connivance, collusion, fraud, or  
16               negligence on the part of the proprietor of  
17               the cannabis production facility, owner,  
18               consignor, consignee, bailee, or carrier, or  
19               their employees or agents,

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

23               “(iii) in the case of an unexplained  
24               shortage of cannabis products.

1           “(B) PROOF OF LOSS.—In any case in  
2           which cannabis products are lost or destroyed,  
3           whether by theft or otherwise, the Secretary  
4           may require the proprietor of a cannabis pro-  
5           duction facility or other person liable for the  
6           tax to file a claim for relief from the tax and  
7           submit proof as to the cause of such loss. In  
8           every case where it appears that the loss was by  
9           theft, the burden shall be upon the proprietor  
10          of the cannabis production facility or other per-  
11          son responsible for the tax under section 5901  
12          to establish to the satisfaction of the Secretary  
13          that such loss did not occur as the result of  
14          connivance, collusion, fraud, or negligence on  
15          the part of the proprietor of the cannabis pro-  
16          duction facility, owner, consignor, consignee,  
17          bailee, or carrier, or their employees or agents.

18          “(C) REFUND OF TAX.—In any case where  
19          the tax would not be collectible by virtue of sub-  
20          paragraph (A), but such tax has been paid, the  
21          Secretary shall refund such tax.

22          “(D) LIMITATIONS.—Except as provided in  
23          subparagraph (E), no tax shall be abated, re-  
24          mitted, credited, or refunded under this para-  
25          graph where the loss occurred after the tax was

1           determined. The abatement, remission, credit,  
2           or refund of taxes provided for by subpara-  
3           graphs (A) and (C) in the case of loss of can-  
4           nabis products by theft shall only be allowed to  
5           the extent that the claimant is not indemnified  
6           against or recompensed in respect of the tax for  
7           such loss.

8           “(E) APPLICABILITY.—The provisions of  
9           this paragraph shall extend to and apply in re-  
10          spect of cannabis products lost after the tax  
11          was determined and before completion of the  
12          physical removal of the cannabis products from  
13          the bonded premises.

14          “(3) VOLUNTARY DESTRUCTION.—The propri-  
15          etor of a cannabis production facility or other per-  
16          sons liable for the tax imposed by this chapter or by  
17          section 7652 with respect to any cannabis product in  
18          bond may voluntarily destroy such products, but  
19          only if such destruction is under such supervision  
20          and under such regulations as the Secretary may  
21          prescribe.

22          “(4) LIMITATION.—Any claim for credit or re-  
23          fund of tax under this subsection shall be filed with-  
24          in 6 months after the date of the withdrawal from  
25          the market, loss, or destruction of the products to

1        which the claim relates, and shall be in such form  
 2        and contain such information as the Secretary shall  
 3        by regulations prescribe.

4        “(b) **DRAWBACK OF TAX.**—There shall be an allow-  
 5        ance of drawback of tax paid on cannabis products, when  
 6        shipped from the United States, in accordance with such  
 7        regulations and upon the filing of such bond as the Sec-  
 8        retary shall prescribe.

## 9                    **“Subchapter B—Occupational Tax**

“Sec. 5911. Imposition and rate of tax.

“Sec. 5912. Payment of tax.

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

“Sec. 5914. Application to State laws.

### 10        **“SEC. 5911. IMPOSITION AND RATE OF TAX.**

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

16        “(b) **PENALTY FOR FAILURE TO REGISTER.**—Any  
 17        person engaged in business as a producer or an export  
 18        warehouse proprietor who willfully fails to pay the occupa-  
 19        tion tax shall be fined not more than \$5,000, or impris-  
 20        oned not more than 2 years, or both, for each such offense.

### 21        **“SEC. 5912. PAYMENT OF TAX.**

22        “(a) **CONDITION PRECEDENT TO CARRYING ON**  
 23        **BUSINESS.**—No person shall be engaged in or carry on

1 any trade or business subject to the occupational tax until  
2 such person has paid such tax.

3 “(b) COMPUTATION.—

4 “(1) IN GENERAL.—The occupational tax shall  
5 be imposed—

6 “(A) as of on the first day of July in each  
7 year, or

8 “(B) on commencing any trade or business  
9 on which such tax is imposed.

10 “(2) PERIOD.—In the case of a tax imposed  
11 under subparagraph (A) of paragraph (1), the occu-  
12 pational tax shall be reckoned for 1 year, and in the  
13 case of subparagraph (B) of such paragraph, it shall  
14 be reckoned proportionately, from the first day of  
15 the month in which the liability to such tax com-  
16 menced, to and including the 30th day of June fol-  
17 lowing.

18 “(c) METHOD OF PAYMENT.—

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

22 “(2) STAMP DENOTING PAYMENT OF TAX.—  
23 After receiving a properly executed return and re-  
24 mittance of any occupational tax, the Secretary shall  
25 issue to the taxpayer an appropriate stamp as a re-

1        ceipt denoting payment of the tax. This paragraph  
2        shall not apply in the case of a return covering li-  
3        ability for a past period.

4    **“SEC. 5913. PROVISIONS RELATING TO LIABILITY FOR OC-**  
5                    **CUPATIONAL TAXES.**

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

9        “(b) DIFFERENT BUSINESSES OF SAME OWNERSHIP  
10       AND LOCATION.—Whenever more than one of the pursuits  
11       or occupations described in this subchapter are carried on  
12       in the same place by the same person at the same time,  
13       except as otherwise provided in this subchapter, the occu-  
14       pational tax shall be paid for each according to the rates  
15       severally prescribed.

16       “(c) BUSINESSES IN MORE THAN ONE LOCATION.—  
17                “(1) LIABILITY FOR TAX.—The payment of the  
18       occupational tax shall not exempt from an additional  
19       occupational tax the person carrying on a trade or  
20       business in any other place than that stated in the  
21       records of the Internal Revenue Service.

22               “(2) STORAGE.—Nothing contained in para-  
23       graph (1) shall require imposition of an occupational  
24       tax for the storage of cannabis products at a loca-

1       tion other than the place where such products are  
2       sold or offered for sale.

3           “(3) PLACE.—

4               “(A) IN GENERAL.—For purposes of this  
5       section, the term ‘place’ means the entire office,  
6       plant or area of the business in any one loca-  
7       tion under the same proprietorship.

8               “(B) DIVISIONS.—For purposes of this  
9       paragraph, any passageways, streets, highways,  
10      rail crossings, waterways, or partitions dividing  
11      the premises shall not be deemed sufficient sep-  
12      aration to require an additional occupational  
13      tax, if the various divisions are otherwise con-  
14      tiguous.

15      “(d) DEATH OR CHANGE OF LOCATION.—

16           “(1) IN GENERAL.—In addition to the person  
17      who has paid the occupational tax for the carrying  
18      on of any business at any place, any person de-  
19      scribed in paragraph (2) may secure the right to  
20      carry on, without incurring any additional occupa-  
21      tional tax, the same business at the same place for  
22      the remainder of the taxable period for which the oc-  
23      cupational tax was paid.

24           “(2) ELIGIBLE PERSONS.—The persons de-  
25      scribed in this paragraph are the following:

1           “(A) The surviving spouse or child, or ex-  
2           ecutor or administrator or other legal represent-  
3           ative, of a deceased taxpayer.

4           “(B) A husband or wife succeeding to the  
5           business of his or her living spouse.

6           “(C) A receiver or trustee in bankruptcy,  
7           or an assignee for benefit of creditors.

8           “(D) The partner or partners remaining  
9           after death or withdrawal of a member of a  
10          partnership.

11          “(3) CHANGE OF LOCATION.—When any person  
12          moves to any place other than the place for which  
13          occupational tax was paid for the carrying on of any  
14          business, such person may secure the right to carry  
15          on, without incurring additional occupational tax,  
16          the same business at the new location for the re-  
17          mainder of the taxable period for which the occupa-  
18          tional tax was paid. To secure the right to carry on  
19          the business without incurring additional occupa-  
20          tional tax, the successor, or the person relocating  
21          their business, must register the succession or relo-  
22          cation with the Secretary in accordance with regula-  
23          tions prescribed by the Secretary.

24          “(e) FEDERAL AGENCIES OR INSTRUMENTAL-  
25          ITIES.—Any tax imposed by this subchapter shall apply

1 to any agency or instrumentality of the United States un-  
 2 less such agency or instrumentality is granted by statute  
 3 a specific exemption from such tax.

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

5 “The payment of any tax imposed by this subchapter  
 6 for carrying on any trade or business shall not be held  
 7 to—

8 “(1) exempt any person from any penalty or  
 9 punishment provided by the laws of any State for  
 10 carrying on such trade or business within such  
 11 State, or in any manner to authorize the commence-  
 12 ment or continuance of such trade or business con-  
 13 trary to the laws of such State or in places prohib-  
 14 ited by municipal law, or

15 “(2) prohibit any State from placing a duty or  
 16 tax on the same trade or business, for State or other  
 17 purposes.

18 **“Subchapter C—Bond and Permits**

“Sec. 5921. Establishment and bond.

“Sec. 5922. Application for permit.

“Sec. 5923. Permit.

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

20 “(a) PROHIBITION ON PRODUCTION OUTSIDE OF  
 21 BONDED CANNABIS PRODUCTION FACILITY.—

22 “(1) IN GENERAL.—Except as authorized by  
 23 the Secretary or on the bonded premises of a can-  
 24 nabis production facility duly authorized to produce

1 cannabis products according to law, no cannabis  
2 product may planted, cultivated, harvested, grown,  
3 manufactured, produced, compounded, converted,  
4 processed, prepared, or packaged in any building or  
5 on any premises.

6 “(2) AUTHORIZED PRODUCERS ONLY.—No per-  
7 son other than a producer which has filed the bond  
8 required under subsection (b) and received a permit  
9 described in section 5923 may produce any cannabis  
10 product.

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

15 “(b) BOND.—

16 “(1) WHEN REQUIRED.—Every person, before  
17 commencing business as a producer or an export  
18 warehouse proprietor, shall file such bond, condi-  
19 tioned upon compliance with this chapter and regu-  
20 lations issued thereunder, in such form, amount, and  
21 manner as the Secretary shall by regulation pre-  
22 scribe. A new or additional bond may be required  
23 whenever the Secretary considers such action nec-  
24 essary for the protection of the revenue.

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

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

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

12          “(a) IN GENERAL.—Every person, before com-  
13          mencing business as a cannabis enterprise, and at such  
14          other time as the Secretary shall by regulation prescribe,  
15          shall make application for the permit provided for in sec-  
16          tion 5923. The application shall be in such form as the  
17          Secretary shall prescribe and shall set forth, truthfully and  
18          accurately, the information called for on the form. Such  
19          application may be rejected and the permit denied if the  
20          Secretary, after notice and opportunity for hearing, finds  
21          that—

22                 “(1) the premises on which it is proposed to  
23                 conduct the cannabis enterprise will not be adequate  
24                 to protect the revenue after commencing operations,  
25                 or

1           “(2) such person (including, in the case of a  
2           corporation, any officer, director, or principal stock-  
3           holder and, in the case of a partnership, any part-  
4           ner) has failed to disclose any material information  
5           required or made any materially false statement in  
6           the application therefor.

7   **“SEC. 5923. PERMIT.**

8           “(a) ISSUANCE.—A person shall not engage in busi-  
9           ness as a cannabis enterprise without a permit to engage  
10          in such business. Such permit, conditioned upon compli-  
11          ance with this chapter and regulations issued thereunder,  
12          shall be issued in such form and in such manner as the  
13          Secretary shall by regulation prescribe. A new permit may  
14          be required at such other time as the Secretary shall by  
15          regulation prescribe.

16          “(b) SUSPENSION OR REVOCATION.—

17                  “(1) SHOW CAUSE HEARING.—If the Secretary  
18          has reason to believe that any person holding a per-  
19          mit—

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

23                          “(B) has violated the conditions of such  
24                          permit,

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

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

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

15          “(c) INFORMATION REPORTING.—The Secretary may  
16          require—

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

19               “(2) information reporting by such other per-  
20               sons as the Secretary deems necessary to carry out  
21               this chapter.

22          “(d) INSPECTION OR DISCLOSURE OF INFORMA-  
23          TION.—For rules relating to inspection and disclosure of  
24          returns and return information, see section 6103(o).

## 1                   **“Subchapter D—Operations**

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

“Sec. 5932. Packaging and labeling.

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

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

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

### 2   **“SEC. 5931. INVENTORIES, REPORTS, AND RECORDS.**

3           “Every cannabis enterprise shall—

4                   “(1) make a true and accurate inventory at the  
5           time of commencing business, at the time of con-  
6           cluding business, and at such other times, in such  
7           manner and form, and to include such items, as the  
8           Secretary shall by regulation prescribe, with such in-  
9           ventories to be subject to verification by any internal  
10          revenue officer,

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

14                   “(3) keep such records in such manner as the  
15          Secretary shall by regulation prescribe, with such  
16          records to be available for inspection by any internal  
17          revenue officer during business hours.

### 18   **“SEC. 5932. PACKAGING AND LABELING.**

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

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

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

11       “(d) INDECENT OR IMMORAL MATERIAL PROHIB-  
12 ITED.—No indecent or immoral picture, print, or rep-  
13 resentation shall be contained in, attached to, or stamped,  
14 marked, written, or printed on any package of cannabis  
15 products.

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

19               “(1) for experimental purposes, or

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

1 **“SEC. 5933. PURCHASE, RECEIPT, POSSESSION, OR SALE OF**  
2 **CANNABIS PRODUCTS AFTER REMOVAL.**

3 “(a) RESTRICTION.—No person shall—

4 “(1) with intent to defraud the United States,  
5 purchase, receive, possess, offer for sale, or sell or  
6 otherwise dispose of, after removal, any cannabis  
7 products—

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

12 “(B) which, after removal without payment  
13 of tax pursuant to section 5904(a), have been  
14 diverted from the applicable purpose or use  
15 specified in that section,

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

23 “(3) otherwise than with intent to defraud the  
24 United States, purchase, receive, possess, offer for  
25 sale, or sell or otherwise dispose of, after removal,  
26 any cannabis products which are not put up in pack-

1       ages as required under section 5932 or which are  
 2       put up in packages not bearing the marks, labels,  
 3       and notices, as required under such section.

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

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

12       **“SEC. 5934. RESTRICTIONS RELATING TO MARKS, LABELS,**  
 13                               **NOTICES, AND PACKAGES.**

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

19       **“SEC. 5935. RESTRICTION ON IMPORTATION OF PRE-**  
 20                               **VIOUSLY EXPORTED CANNABIS PRODUCTS.**

21       “(a) EXPORT LABELED CANNABIS PRODUCTS.—

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

1           “(A) may be transferred to or removed  
2           from the premises of a producer or an export  
3           warehouse proprietor only if such articles are  
4           being transferred or removed without tax in ac-  
5           cordance with section 5904,

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

13          “(C) may not be sold or held for sale for  
14          domestic consumption in the United States un-  
15          less such articles are removed from their export  
16          packaging and repackaged by the original pro-  
17          ducer into new packaging that does not contain  
18          an export label.

19          “(2) ALTERATIONS BY PERSONS OTHER THAN  
20          ORIGINAL PRODUCER.—This section shall apply to  
21          articles labeled for export even if the packaging or  
22          the appearance of such packaging to the consumer  
23          of such articles has been modified or altered by a  
24          person other than the original producer so as to re-  
25          move or conceal or attempt to remove or conceal (in-

cluding by the placement of a sticker over) any export label.

“(3) EXPORTS INCLUDE SHIPMENTS TO PUERTO RICO.—For purposes of this section, section 5904(d), section 5941, and such other provisions as the Secretary may specify by regulations, references to exportation shall be treated as including a reference to shipment to the Commonwealth of Puerto Rico.

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

## “Subchapter E—Penalties

“Sec. 5941. Civil penalties.

“Sec. 5942. Criminal penalties.

### “SEC. 5941. CIVIL PENALTIES.

“(a) OMITTING THINGS REQUIRED OR DOING THINGS FORBIDDEN.—Whoever willfully omits, neglects, or refuses to comply with any duty imposed upon them by this chapter, or to do, or cause to be done, any of the things required by this chapter, or does anything prohibited by this chapter, shall in addition to any other penalty provided in this title, be liable to a penalty of \$10,000, to be recovered, with costs of suit, in a civil action, except where a penalty under subsection (b) or (c) or under sec-

1 tion 6651 or 6653 or part II of subchapter A of chapter  
2 68 may be collected from such person by assessment.

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

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

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

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

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

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

1 products from the place where relanded, shall be forfeited  
2 to the United States.

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

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

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

11 “(a) FRAUDULENT OFFENSES.—Whoever, with in-  
12 tent to defraud the United States—

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

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

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

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

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

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

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

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

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

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

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

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

4 (2) submit to Congress recommendations to im-  
5 prove the regulation of the industry and the admin-  
6 istration of the related tax.

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

18 (e) CONFORMING AMENDMENTS.—

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

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

“CHAPTER 56. CANNABIS PRODUCTS”.

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

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

4       (f) EFFECTIVE DATE.—

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

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

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

17      (a) CANNABIS JUSTICE OFFICE; COMMUNITY REIN-  
18      VESTMENT GRANT PROGRAM.—

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

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

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

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

16 “(c) EMPLOYEES.—

17 “(1) IN GENERAL.—The Director shall employ  
18 as many full-time employees as are needed to carry  
19 out the duties and functions of the Cannabis Justice  
20 Office under subsection (d). Such employees shall be  
21 exclusively assigned to the Cannabis Justice Office.

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

1           “(A) hire no less than one-third of the  
2           total number of employees of the Cannabis Jus-  
3           tice Office; and

4           “(B) no more than one-half of the employ-  
5           ees assigned to the Cannabis Justice Office by  
6           term appointment that may after 2 years be  
7           converted to career appointment.

8           “(3) LEGAL COUNSEL.—At least one employee  
9           hired for the Cannabis Justice Office shall serve as  
10          legal counsel to the Director and shall provide coun-  
11          sel to the Cannabis Justice Office.

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

14               “(1) administer the Community Reinvestment  
15               Grant Program; and

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

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

1   **“PART PP—COMMUNITY REINVESTMENT GRANT**  
2                                   **PROGRAM**

3   **“SEC. 3056. AUTHORIZATION.**

4           “(a) IN GENERAL.—The Director of the Cannabis  
5 Justice Office shall establish and carry out a grant pro-  
6 gram, known as the ‘Community Reinvestment Grant Pro-  
7 gram’, to provide eligible entities with funds to administer  
8 services for individuals adversely impacted by the War on  
9 Drugs, including—

10                   “(1) job training;

11                   “(2) reentry services;

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

14                   “(4) literacy programs;

15                   “(5) youth recreation or mentoring programs;

16           and

17                   “(6) health education programs.

18           “(b) SUBSTANCE USE DISORDER SERVICES.—The  
19 Director, in consultation with the Secretary of Health and  
20 Human Services, shall provide eligible entities with funds  
21 to administer substance use disorder services for individ-  
22 uals adversely impacted by the War on Drugs or connect  
23 patients with substance use disorder services. Also eligible  
24 for such services are individuals who have been arrested  
25 for or convicted of the sale, possession, use, manufacture,  
26 or cultivation of a controlled substance other than can-

1 nabis (except for a conviction involving distribution to a  
2 minor).

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

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

7 **“SEC. 3058. DEFINITIONS.**

8 “In this part:

9 “(1) The term ‘cannabis conviction’ means a  
10 conviction, or adjudication of juvenile delinquency,  
11 for a cannabis offense (as such term is defined in  
12 section 13 of the Marijuana Opportunity Reinvest-  
13 ment and Expungement Act).

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

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

1 (b) CANNABIS RESTORATIVE OPPORTUNITY PRO-  
2 GRAM; EQUITABLE LICENSING GRANT PROGRAM.—

3 (1) CANNABIS RESTORATIVE OPPORTUNITY  
4 PROGRAM.—The Administrator of the Small Busi-  
5 ness Administration shall establish and carry out a  
6 program, to be known as the “Cannabis Restorative  
7 Opportunity Program”, to provide loans and tech-  
8 nical assistance under section 7(m) of the Small  
9 Business Act (15 U.S.C. 636(m)) to assist small  
10 business concerns owned and controlled by socially  
11 and economically disadvantaged individuals that op-  
12 erate in eligible States or localities.

13 (2) EQUITABLE LICENSING GRANT PROGRAM.—  
14 The Administrator of the Small Business Adminis-  
15 tration shall establish and carry out a grant pro-  
16 gram, to be known as the “Equitable Licensing  
17 Grant Program”, to provide any eligible State or lo-  
18 cality funds to develop and implement equitable can-  
19 nabis licensing programs that minimize barriers to  
20 cannabis licensing and employment for individuals  
21 adversely impacted by the War on Drugs, provided  
22 that each grantee includes in its cannabis licensing  
23 program at least four of the following elements:

24 (A) A waiver of cannabis license applica-  
25 tion fees for individuals who report an income

1 below 250 percent of the Federal Poverty Level  
2 for at least 5 of the past 10 years and who are  
3 first-time applicants for a cannabis license.

4 (B) A prohibition on the denial of a can-  
5 nabis license based on a conviction for a can-  
6 nabis offense that took place prior to State le-  
7 galization of cannabis or the date of enactment  
8 of this Act, as appropriate.

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

13 (D) A prohibition on cannabis license hold-  
14 ers engaging in suspicionless cannabis drug  
15 testing of their prospective or current employ-  
16 ees, except with respect to drug testing for safe-  
17 ty-sensitive positions required under part 40 of  
18 title 49, Code of Federal Regulations.

19 (E) The establishment of a cannabis li-  
20 censing board that is reflective of the racial,  
21 ethnic, economic, and gender composition of the  
22 eligible State or locality, to serve as an over-  
23 sight body of the equitable licensing program.

24 (3) DEFINITIONS.—In this subsection:

1 (A) 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 the individual, for the  
6 expungement, destruction, or sealing of  
7 criminal records for cannabis offenses; and

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

12 (B) INDIVIDUAL ADVERSELY IMPACTED BY  
13 THE WAR ON DRUGS.—The term “individual  
14 adversely impacted by the War on Drugs”  
15 means an individual—

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

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

1 (C) SMALL BUSINESS CONCERN OWNED  
2 AND CONTROLLED BY SOCIALLY AND ECONOMICALLY  
3 DISADVANTAGED INDIVIDUALS.—The  
4 term “small business concern owned and controlled  
5 by socially and economically disadvantaged  
6 individuals” has the meaning given in  
7 section 8(d)(3)(C) of the Small Business Act  
8 (15 U.S.C. 637(d)(3)(C)).

9 (D) STATE.—The term “State” means  
10 each of the several States, the District of Columbia,  
11 Puerto Rico, any territory or possession  
12 of the United States, and any Indian Tribe (as  
13 defined in section 201 of Public Law 90–294  
14 (25 U.S.C. 1301) (commonly known as the “Indian  
15 Civil Rights Act of 1968”)).

16 (c) STUDY ON PROGRAMS.—

17 (1) GAO STUDY.—The Comptroller General of  
18 the United States, in consultation with the Administrator  
19 of the Small Business Administration, shall  
20 conduct an annual study on the individuals and entities  
21 receiving assistance under the Cannabis Restorative  
22 Opportunity and Equitable Licensing Programs. This study  
23 shall include the types of assistance by state, and a description  
24 of the efforts by the Small Business Administration to increase  
25 access to

1 capital for cannabis-related small business concerns  
 2 owned and controlled by socially and economically  
 3 disadvantaged individuals, individuals adversely im-  
 4 pacted by the War on Drugs, as well as the racial,  
 5 ethnic, economic and gender composition of the eligi-  
 6 ble State or locality.

7 (2) REPORT.—Not later than 1 year after the  
 8 date of enactment of this Act, the Comptroller Gen-  
 9 eral of the United States shall submit a report on  
 10 the results of the study conducted under paragraph  
 11 (1) to—

12 (A) the Committee on Small Business of  
 13 the House of Representatives;

14 (B) the Committee on Small Business and  
 15 Entrepreneurship of the Senate;

16 (C) the Committee on the Judiciary of the  
 17 House of Representatives; and

18 (D) the Committee on the Judiciary of the  
 19 Senate.

20 **SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-**  
 21 **TION PROGRAMS AND SERVICES TO CANNABIS-**  
 22 **RELATED LEGITIMATE BUSINESSES**  
 23 **AND SERVICE PROVIDERS.**

24 (a) DEFINITIONS RELATING TO CANNABIS-RELATED  
 25 LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—

1 Section 3 of the Small Business Act (15 U.S.C. 632) is  
 2 amended by adding at the end the following new sub-  
 3 section:

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

6 “(1) CANNABIS.—The term ‘cannabis’—

7 “(A) means—

8 “(i) all parts of the plant Cannabis  
 9 sativa L., whether growing or not;

10 “(ii) the seeds thereof;

11 “(iii) the resin extracted from any  
 12 part of such plant; and

13 “(iv) every compound, manufacture,  
 14 salt, derivative, mixture, or preparation of  
 15 such plant, its seeds or resin; and

16 “(B) does not include—

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

19 “(ii) the mature stalks of such plant,  
 20 fiber produced from such stalks, oil or cake  
 21 made from the seeds of such plant, any  
 22 other compound, manufacture, salt, deriva-  
 23 tive, mixture, or preparation of such ma-  
 24 ture stalks (except the resin extracted  
 25 therefrom), fiber, oil, or cake, or the steri-

1           lized seed of such plant which is incapable  
2           of germination; or

3           “(iii) any drug product approved  
4           under section 505 of the Federal Food,  
5           Drug, and Cosmetic Act, or biological  
6           product licensed under section 351 of the  
7           Public Health Service Act.

8           “(2) CANNABIS-RELATED LEGITIMATE BUSI-  
9           NESS.—The term ‘cannabis-related legitimate busi-  
10          ness’ means a manufacturer, producer, or any per-  
11          son or company that is a small business concern and  
12          that—

13               “(A) engages in any activity described in  
14               subparagraph (B) pursuant to a law established  
15               by a State or a political subdivision of a State,  
16               as determined by such State or political subdivi-  
17               sion; and

18               “(B) participates in any business or orga-  
19               nized activity that involves handling cannabis or  
20               cannabis products, including cultivating, pro-  
21               ducing, manufacturing, selling, transporting,  
22               displaying, dispensing, distributing, or pur-  
23               chasing cannabis or cannabis products.

24           “(3) SERVICE PROVIDER.—The term ‘service  
25          provider’—

1           “(A) means a business, organization, or  
2           other person that—

3                   “(i) sells goods or services to a can-  
4                   nabis-related legitimate business; or

5                   “(ii) provides any business services,  
6                   including the sale or lease of real or any  
7                   other property, legal or other licensed serv-  
8                   ices, or any other ancillary service, relating  
9                   to cannabis; and

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

18           (b) SMALL BUSINESS DEVELOPMENT CENTERS.—  
19           Section 21(c) of the Small Business Act (15 U.S.C.  
20           648(c)) is amended by adding at the end the following new  
21           paragraph:

22                   “(9) SERVICES FOR CANNABIS-RELATED LE-  
23                   GITIMATE BUSINESSES AND SERVICE PROVIDERS.—

24           A small business development center may not decline  
25           to provide services to an otherwise eligible small

1 business concern under this section solely because  
2 such concern is a cannabis-related legitimate busi-  
3 ness or service provider.”.

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

7 “(p) SERVICES FOR CANNABIS-RELATED LEGITI-  
8 MATE BUSINESSES AND SERVICE PROVIDERS.—A wom-  
9 en’s business center may not decline to provide services  
10 to an otherwise eligible small business concern under this  
11 section solely because such concern is a cannabis-related  
12 legitimate business or service provider.”.

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

20 (e) VETERAN BUSINESS OUTREACH CENTERS.—Sec-  
21 tion 32 of the Small Business Act (15 U.S.C. 657b) is  
22 amended by adding at the end the following new sub-  
23 section:

24 “(h) SERVICES FOR CANNABIS-RELATED LEGITI-  
25 MATE BUSINESSES AND SERVICE PROVIDERS.—A Vet-

1 eran Business Outreach Center may not decline to provide  
 2 services to an otherwise eligible small business concern  
 3 under this section solely because such concern is a can-  
 4 nabis-related legitimate business or service provider.”.

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

8 “(38) LOANS TO CANNABIS-RELATED LEGITI-  
 9 MATE BUSINESSES AND SERVICE PROVIDERS.—The  
 10 Administrator may not decline to provide a guar-  
 11 antee for a loan under this subsection, and a lender  
 12 may not decline to make a loan under this sub-  
 13 section, to an otherwise eligible small business con-  
 14 cern solely because such concern is a cannabis-re-  
 15 lated legitimate business or service provider.”.

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

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

1 (h) MICROLOANS.—Section 7(m) of the Small Busi-  
 2 ness Act (15 U.S.C. 636(m)) is amended by adding at the  
 3 end the following new paragraph:

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

14 (i) SMALL BUSINESS INVESTMENT COMPANY DE-  
 15 BENTURES TO FINANCE CANNABIS-RELATED LEGITI-  
 16 MATE BUSINESSES AND SERVICE PROVIDERS.—Part A of  
 17 title III of the Small Business Investment Act of 1958  
 18 (15 U.S.C. 681 et seq.) is amended by adding at the end  
 19 the following new section:

20 **“SEC. 321. DEBENTURES TO FINANCE CANNABIS-RELATED**  
 21 **LEGITIMATE BUSINESSES AND SERVICE PRO-**  
 22 **VIDERS.**

23 “(a) GUARANTEES.—The Administrator may not de-  
 24 cline to purchase or guarantee a debenture made under  
 25 this title to an otherwise eligible small business investment

1 company solely because such small business investment  
 2 company provides financing to an entity that is a can-  
 3 nabis-related legitimate business or service provider (as  
 4 defined in section 7(a)(38) of the Small Business Act).

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

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

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

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

1       “(b) OTHER ASSISTANCE.—A qualified State or local  
2 development company may not decline to provide assist-  
3 ance under this title to an otherwise eligible small business  
4 concern solely because such small business concern is a  
5 cannabis-related legitimate business or service provider (as  
6 defined in section 7(a)(38) of the Small Business Act).”.

7       **SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FED-**  
8                               **ERAL PUBLIC BENEFIT ON THE BASIS OF**  
9                               **CANNABIS.**

10       (a) IN GENERAL.—No person may be denied any  
11 Federal public benefit (as such term is defined in section  
12 401(c) of the Personal Responsibility and Work Oppor-  
13 tunity Reconciliation Act of 1996 (8 U.S.C. 1611(c))) on  
14 the basis of any use or possession of cannabis, or on the  
15 basis of a conviction or adjudication of juvenile delin-  
16 quency for a cannabis offense, by that person.

17       (b) SECURITY CLEARANCES.—Federal agencies may  
18 not use past or present cannabis or marijuana use as cri-  
19 teria for granting, denying, or rescinding a security clear-  
20 ance.

21       **SEC. 9. NO ADVERSE EFFECT FOR PURPOSES OF THE IMMI-**  
22                               **GRATION LAWS.**

23       (a) IN GENERAL.—For purposes of the immigration  
24 laws (as such term is defined in section 101 of the Immi-  
25 gration and Nationality Act), cannabis may not be consid-

1   ered a controlled substance, and an alien may not be de-  
2   nied any benefit or protection under the immigration laws  
3   based on any event, including conduct, a finding, an ad-  
4   mission, addiction or abuse, an arrest, a juvenile adjudica-  
5   tion, or a conviction, relating to the possession or use of  
6   cannabis that is no longer prohibited pursuant to this Act  
7   or an amendment made by this Act, regardless of whether  
8   the event occurred before, on, or after the effective date  
9   of this Act.

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

11           (1) means all parts of the plant *Cannabis sativa*  
12       *L.*, whether growing or not; the seeds thereof; the  
13       resin extracted from any part of such plant; and  
14       every compound, manufacture, salt, derivative, mix-  
15       ture, or preparation of such plant, its seeds or resin;  
16       and

17           (2) does not include—

18           (A) hemp, as defined in section 297A of  
19       the Agricultural Marketing Act of 1946;

20           (B) the mature stalks of such plant, fiber  
21       produced from such stalks, oil or cake made  
22       from the seeds of such plant, any other com-  
23       pound, manufacture, salt, derivative, mixture,  
24       or preparation of such mature stalks (except  
25       the resin extracted therefrom), fiber, oil, or

1 cake, or the sterilized seed of such plant which  
 2 is incapable of germination; or

3 (C) any drug product approved under sec-  
 4 tion 505 of the Federal Food, Drug, and Cos-  
 5 metic Act, or biological product licensed under  
 6 section 351 of the Public Health Service Act.

7 (c) CONFORMING AMENDMENTS TO IMMIGRATION  
 8 AND NATIONALITY ACT.—The Immigration and Nation-  
 9 ality Act (8 U.S.C. 1101 et seq.) is amended—

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

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

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

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

24 (5) in section 245(h)(2)(B) by striking “(except  
 25 for so much of such paragraph as related to a single

1 offense of simple possession of 30 grams or less of  
2 marijuana)”;

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

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

11 **SEC. 10. RESENTENCING AND EXPUNGEMENT.**

12 (a) EXPUNGEMENT OF NON-VIOLENT FEDERAL  
13 CANNABIS OFFENSE CONVICTIONS FOR INDIVIDUALS  
14 NOT UNDER A CRIMINAL JUSTICE SENTENCE.—

15 (1) IN GENERAL.—Not later than 1 year after  
16 the date of the enactment of this Act, each Federal  
17 district shall conduct a comprehensive review and  
18 issue an order expunging each conviction or adju-  
19 dication of juvenile delinquency for a non-violent  
20 Federal cannabis offense entered by each Federal  
21 court in the district before the date of enactment of  
22 this Act and on or after May 1, 1971. Each Federal  
23 court shall also issue an order expunging any arrests  
24 associated with each expunged conviction or adju-  
25 dication of juvenile delinquency.

1           (2) NOTIFICATION.—To the extent practicable,  
2       each Federal district shall notify each individual  
3       whose arrest, conviction, or adjudication of delin-  
4       quency has been expunged pursuant to this sub-  
5       section that their arrest, conviction, or adjudication  
6       of juvenile delinquency has been expunged, and the  
7       effect of such expungement.

8           (3) RIGHT TO PETITION COURT FOR  
9       EXPUNGEMENT.—At any point after the date of en-  
10      actment of this Act, any individual with a prior con-  
11      viction or adjudication of juvenile delinquency for a  
12      non-violent Federal cannabis offense, who is not  
13      under a criminal justice sentence, may file a motion  
14      for expungement. If the expungement of such a con-  
15      viction or adjudication of juvenile delinquency is re-  
16      quired pursuant to this Act, the court shall expunge  
17      the conviction or adjudication, and any associated  
18      arrests. If the individual is indigent, counsel shall be  
19      appointed to represent the individual in any pro-  
20      ceedings under this subsection.

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

1 (b) SENTENCING REVIEW FOR INDIVIDUALS UNDER  
2 A CRIMINAL JUSTICE SENTENCE.—

3 (1) IN GENERAL.—For any individual who is  
4 under a criminal justice sentence for a non-violent  
5 Federal cannabis offense, the court that imposed the  
6 sentence shall, on motion of the individual, the Di-  
7 rector of the Bureau of Prisons, the attorney for the  
8 Government, or the court, conduct a sentencing re-  
9 view hearing. If the individual is indigent, counsel  
10 shall be appointed to represent the individual in any  
11 sentencing review proceedings under this subsection.

12 (2) POTENTIAL REDUCED RESENTENCING.—  
13 After a sentencing hearing under paragraph (1), a  
14 court shall—

15 (A) expunge each conviction or adjudica-  
16 tion of juvenile delinquency for a non-violent  
17 Federal cannabis offense entered by the court  
18 before the date of enactment of this Act, and  
19 any associated arrest;

20 (B) vacate the existing sentence or disposi-  
21 tion of juvenile delinquency and, if applicable,  
22 impose any remaining sentence or disposition of  
23 juvenile delinquency on the individual as if this  
24 Act, and the amendments made by this Act,

1           were in effect at the time the offense was com-  
2           mitted; and

3           (C) order that all records related to a con-  
4           viction or adjudication of juvenile delinquency  
5           that has been expunged or a sentence or dis-  
6           position of juvenile delinquency that has been  
7           vacated under this Act be sealed and only be  
8           made available by further order of the court.

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

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

14           (2) shall be immune from any civil or criminal  
15          penalties related to perjury, false swearing, or false  
16          statements, for a failure to disclose such arrest, con-  
17          viction, or adjudication.

18          (d) EXCEPTION.—An individual who at sentencing  
19          received an aggravating role adjustment pursuant to  
20          United States Sentencing Guideline 3B1.1(a) in relation  
21          to a Federal cannabis offense conviction shall not be eligi-  
22          ble for expungement of that Federal cannabis offense con-  
23          viction under this section.

24          (e) DEFINITIONS.—In this section:

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

4           (2) The term “expunge” means, with respect to  
5           an arrest, a conviction, or a juvenile delinquency ad-  
6           judication, the removal of the record of such arrest,  
7           conviction, or adjudication from each official index  
8           or public record.

9           (3) The term “under a criminal justice sen-  
10          tence” means, with respect to an individual, that the  
11          individual is serving a term of probation, parole, su-  
12          pervised release, imprisonment, official detention,  
13          pre-release custody, or work release, pursuant to a  
14          sentence or disposition of juvenile delinquency im-  
15          posed on or after the effective date of the Controlled  
16          Substances Act (May 1, 1971).

17          (f) STUDY.—The Comptroller General of the United  
18          States, in consultation with the Secretary of Health and  
19          Human Services, shall conduct a demographic study of in-  
20          dividuals convicted of a Federal cannabis offense. Such  
21          study shall include information about the age, race, eth-  
22          nicity, sex, and gender identity of those individuals, the  
23          type of community such users dwell in, and such other  
24          demographic information as the Comptroller General de-  
25          termines should be included.

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

5 **SEC. 11. REFERENCES IN EXISTING LAW TO MARIJUANA OR**  
6 **MARIHUANA.**

7 Wherever, in the statutes of the United States or in  
8 the rulings, regulations, or interpretations of various ad-  
9 ministrative bureaus and agencies of the United States—

10 (1) there appears or may appear the term  
11 “marihuana” or “marijuana”, that term shall be  
12 struck and the term “cannabis” shall be inserted;  
13 and

14 (2) there appears or may appear the term  
15 “Marihuana” or “Marijuana”, that term shall be  
16 struck and the term “Cannabis” shall be inserted.

17 **SEC. 12. SEVERABILITY.**

18 If any provision of this Act or an amendment made  
19 by this Act, or any application of such provision to any  
20 person or circumstance, is held to be unconstitutional, the  
21 remainder of this Act, the amendments made by this Act,  
22 and the application of this Act and the amendments made  
23 by this Act to any other person or circumstance shall not  
24 be affected.

1 **SEC. 13. CANNABIS OFFENSE DEFINED.**

2 For purposes of this Act, the term “cannabis offense”  
3 means a criminal offense related to cannabis—

4 (1) that, under Federal law, is no longer pun-  
5 ishable pursuant to this Act or the amendments  
6 made under this Act; or

7 (2) that, under State law, is no longer an of-  
8 fense or that was designated a lesser offense or for  
9 which the penalty was reduced under State law pur-  
10 suant to or following the adoption of a State law au-  
11 thorizing the sale or use of cannabis.

12 **SEC. 14. RULEMAKING.**

13 Unless otherwise provided in this Act, not later than  
14 1 year after the date of enactment of this Act, the Depart-  
15 ment of the Treasury, the Department of Justice, and the  
16 Small Business Administration shall issue or amend any  
17 rules, standard operating procedures, and other legal or  
18 policy guidance necessary to carry out implementation of  
19 this Act. After the 1-year period, any publicly issued sub-  
20 regulatory guidance, including any compliance guides,  
21 manuals, advisories and notices, may not be issued with-  
22 out 60-day notice to appropriate congressional commit-  
23 tees. Notice shall include a description and justification  
24 for additional guidance.

1 **SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION**  
2 **STUDY.**

3 The Comptroller General of the United States shall,  
4 not later than 2 years after the date of enactment of this  
5 Act, provide to Congress a study that addresses the soci-  
6 etal impact of the legalization of recreational cannabis by  
7 States, including—

8 (1) sick days reported to employers;

9 (2) workers compensations claims;

10 (3) tax revenue remitted to States resulting  
11 from legal marijuana sales;

12 (4) changes in government spending related to  
13 enforcement actions and court proceedings;

14 (5) Federal welfare assistance applications;

15 (6) rate of arrests related to methamphetamine  
16 possession;

17 (7) hospitalization rates related to methamphet-  
18 amine and narcotics use;

19 (8) uses of marijuana and its byproducts for  
20 medical purposes;

21 (9) uses of marijuana and its byproducts for  
22 purposes relating to the health, including the mental  
23 health, of veterans;

24 (10) arrest rates of individuals driving under  
25 the influence or driving while intoxicated by mari-  
26 juana;

1           (11) traffic-related deaths and injuries where  
2           the driver is impaired by marijuana;

3           (12) arrest of minors for marijuana-related  
4           charges;

5           (13) violent crime rates;

6           (14) school suspensions, expulsions, and law en-  
7           forcement referrals that are marijuana-related;

8           (15) high school dropout rates;

9           (16) changes in district-wide and State-wide  
10          standardized test scores;

11          (17) marijuana-related hospital admissions and  
12          poison control calls;

13          (18) marijuana-related juvenile admittances  
14          into substance rehabilitation facilities and mental  
15          health clinics;

16          (19) diversion of marijuana into neighboring  
17          States and drug seizures in neighboring States;

18          (20) marijuana plants grown on public lands in  
19          contravention to Federal and State laws; and

20          (21) court filings under a State's organized  
21          crime statutes.

22 **SEC. 16. STUDY ON MARIJUANA IMPAIRMENT.**

23          (a) IN GENERAL.—Not later than 1 year after the  
24          date of enactment of this Act, the Secretary of Transpor-  
25          tation shall conduct a study on technologies and methods

1 that law enforcement may use to determine whether a  
2 driver is impaired by marijuana.

3 (b) REQUIREMENTS.—The study conducted under  
4 subsection (a) shall be carried out by the National High-  
5 way Traffic Safety Administration, in consultation with  
6 any other agency the Secretary determines appropriate.

7 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
8 authorized to be appropriated \$10,000,000 to carry out  
9 this section.

10 **SEC. 17. WORKPLACE IMPACT OF MARIJUANA LEGALIZA-**  
11 **TION STUDY.**

12 Not later than one year after the date of enactment  
13 of this Act, the National Institute for Occupational Safety  
14 and Health shall—

15 (1) conduct a study and submit to Congress a  
16 report on the impact of the legalization of rec-  
17 reational cannabis by States on the workplace; and

18 (2) develop best practices for use by employers  
19 that are transitioning their policies related to the  
20 use of recreational cannabis, prioritizing the develop-  
21 ment of best practices for employers engaged in  
22 Federal infrastructure projects, transportation, pub-  
23 lic safety, and national security.

1 **SEC. 18. SCHOOL IMPACT OF MARIJUANA LEGALIZATION**  
2 **STUDY.**

3 Not later than one year after the date of enactment  
4 of this Act, the Secretary of Education shall—

5 (1) conduct a study and submit to Congress a  
6 report on the impact of the legalization of rec-  
7 reational cannabis by States on schools and school-  
8 aged children; and

9 (2) develop best practices for use by educators  
10 and administrators to protect school-aged children  
11 from any negative impacts of such legalization.

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