

117TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

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

Sec. 1. Short title; table of contents.

2

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

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

Subtitle A—Decriminalization of Cannabis

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

Subtitle B—Public Safety and States' Rights

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

TITLE II—RESEARCH, TRAINING, AND PREVENTION

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

TITLE III—RESTORATIVE JUSTICE AND OPPORTUNITY

Subtitle A—Opportunity Trust Fund Programs

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

Subtitle B—Restorative Justice

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

TITLE IV—TAXATION AND ESTABLISHMENT OF TRUST FUND

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

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

Subtitle A—Public Health

- Sec. 501. FDA regulation of cannabis.

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

Subtitle B—Federal Cannabis Administration

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

TITLE VI—MISCELLANEOUS

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

1 **SEC. 2. FINDINGS.**

2 The Congress finds as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 **SEC. 3. DEFINITIONS.**

25 For purposes of this Act—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (1) in section 102 (21 U.S.C. 802)—

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

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

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

11 (A) in paragraph (1)—

12 (i) in subparagraph (A)—

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

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

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

18 (ii) in subparagraph (B)—

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

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

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

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

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

3 (iv) by striking subparagraph (D);

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (A) in paragraph (1)—

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

10 (ii) by striking subparagraph (G);

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

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

16 (B) in paragraph (2)—

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

19 (ii) by striking subparagraph (G);

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

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

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

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

4 (c) OTHER CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

23 (3) FMCSA PROVISIONS.—

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

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

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

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

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

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

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

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

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

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

25 “(A) any substance”; and

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

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

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

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

11 “(A) any substance”; and

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

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

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

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

22 “(A) any substance”; and

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

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

6 (7) PRISON CONTRABAND.—Section 1791(d)(1)
7 of title 18, United States Code, is amended—

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

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

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

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

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

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

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

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

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

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

24 “(h) CANNABIS.—

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

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

11 (f) SPECIAL RULE FOR CERTAIN REGULATIONS.—

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

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

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

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

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

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

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

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

21 (3) the Secretary of the Treasury.

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

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

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

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

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

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

25 (d) MEMORANDUM OF UNDERSTANDING.—

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

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

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

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

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

3 **SEC. 111. STATES’ RIGHTS.**

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

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

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

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

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

15 (1) in subsection (a)—

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

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

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

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

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

2 (a) IN GENERAL.—

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

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

14 (B) CANNABIS DIVERSION.—

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

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

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

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

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

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

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

24

1 (II) a person—

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

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

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

20 (IV) a person—

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

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

9 (b) TRACKING AND TRACING REGULATIONS.—

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

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

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

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

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

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

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

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

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

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

20 (4) KNOWLEDGE OF ILLEGAL TRANSACTION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (A) sick days reported to employers;

12 (B) workers compensations claims;

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

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

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

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

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

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

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

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

5 (A) arrest related to methamphetamine
6 possession;

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

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

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

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

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

19 (G) violent crime; and

20 (H) high school dropout;

21 (3) an overview of any changes to—

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

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

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

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

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

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

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

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

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

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

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

7 (A) pulmonary function;

8 (B) cardiovascular events;

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

12 (D) mania;

13 (E) psychosis;

14 (F) cognitive effects; and

15 (G) cannabinoid hyperemesis syndrome;

16 and

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

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

22 (1) varying forms of cannabis, including—

23 (A) full plants and extracts; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (A) a nonprofit organization; or

9 (B) an institution of higher education.

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

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

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

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

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

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

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

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

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

21 “(c) EMPLOYEES.—

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

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

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

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

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

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

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

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

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

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

5 **“PART OO—COMMUNITY REINVESTMENT GRANT**
6 **PROGRAM**

7 **“SEC. 3052. AUTHORIZATION.**

8 “The Director of the Cannabis Justice Office shall
9 establish and carry out a grant program, known as the
10 ‘Community Reinvestment Grant Program’, to provide eli-
11 gible entities with funds to administer services for individ-
12 uals adversely impacted by the War on Drugs, including—

13 “(1) job training;

14 “(2) reentry services;

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

17 “(4) literacy programs;

18 “(5) youth recreation or mentoring programs;

19 and

20 “(6) health education programs.

21 **“SEC. 3053. FUNDING FROM OPPORTUNITY TRUST FUND.**

22 “The Director shall carry out the program under this
23 part using funds made available under section 9512(e)(1)
24 and (2) of the Internal Revenue Code.

1 **“SEC. 3054. DEFINITIONS.**

2 “In this part:

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

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

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

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

22 (1) DEFINITIONS.—In this subsection:

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

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

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

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

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

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

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

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

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

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

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

20 (F) STATE.—The term “State” means—

21 (i) each of the several States;

22 (ii) the District of Columbia;

23 (iii) the Commonwealth of Puerto
24 Rico;

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

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

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

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

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

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

8 (ii) is a first-time applicant.

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

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

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

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

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

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

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

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

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

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

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

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

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

23 and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (d) DEFINITIONS.—In this section:

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

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

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

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

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

13 (4) STATE.—The term “State” means—

14 (A) each of the several States;

15 (B) the District of Columbia;

16 (C) the Commonwealth of Puerto Rico;

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

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

1 **Subtitle B—Restorative Justice**

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

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

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

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

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

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

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

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

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

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

3 (2) POTENTIAL REDUCED RESENTENCING.—

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

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

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

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

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

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

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

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

16 (e) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 **“CHAPTER 56—CANNABIS PRODUCTS**

“SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

“SUBCHAPTER B. AUTHORIZATION AND BOND REQUIREMENTS

“SUBCHAPTER C. OPERATIONS

“SUBCHAPTER D. PENALTIES

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

“Sec. 5901. Imposition of tax.

“Sec. 5902. Definitions.

“Sec. 5903. Liability and method of payment.

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

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

2 **“SEC. 5901. IMPOSITION OF TAX.**

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

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

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

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

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

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

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

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

7 “(c) APPLICABLE EQUIVALENT AMOUNT.—

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

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

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

1 “(2) APPLICABLE RATES.—

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

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

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

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

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

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

11 “(2) APPLICABLE TAX AMOUNT.—

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

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

17 “(ii) the phase-in amount.

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

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

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

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

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

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

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

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

19 “(i) received in bond,

20 “(ii) imported,

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

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

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

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

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

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

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

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

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

11 **“SEC. 5902. DEFINITIONS.**

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

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

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

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

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

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

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

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

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

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

16 “(2) PRODUCER.—

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

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

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

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

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

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

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

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

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

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

7 “(4) EXPORT WAREHOUSE PROPRIETOR.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 “(a) LIABILITY FOR TAX.—

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

14 “(2) TRANSFER OF LIABILITY.—

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

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

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

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

15 “(b) METHOD OF PAYMENT OF TAX.—

16 “(1) IN GENERAL.—

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

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

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

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

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

23 “(2) TIME FOR PAYMENT OF TAXES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

23 “(c) DETERMINATION OF PRICE.—

24 “(1) CONSTRUCTIVE SALE PRICE.—

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

11 “(B) ARM’S LENGTH.—

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

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

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

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

1 “(ii) CONTROLLED GROUPS.—

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

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

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

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

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

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

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

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

19 “(B) a conditional sale, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 “(a) CREDIT OR REFUND.—

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

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

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

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

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

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

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

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

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

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

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

5 “(D) LIMITATIONS.—Except as provided in
6 subparagraph (E), no tax shall be abated, re-
7 mitted, credited, or refunded under this para-
8 graph where the loss occurred after the tax was
9 determined. The abatement, remission, credit,
10 or refund of taxes provided for by subpara-
11 graphs (A) and (C) in the case of loss of can-
12 nabis products by theft shall only be allowed to
13 the extent that the claimant is not indemnified
14 against or recompensed in respect of the tax for
15 such loss.

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

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

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

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

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

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

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

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

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

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

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

6 “(1) register annually with the Secretary,

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

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

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

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

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

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

4 “(d) DRAWBACK.—

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

11 “(2) CLAIMS.—

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

16 “(B) EXCEPTION.—

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

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

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

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

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

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

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

25 “(B) PENALTY.—

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

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

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

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

“Sec. 5911. Establishment and bond.

“Sec. 5912. Application.

“Sec. 5913. Cannabis production facility.

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

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

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

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

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

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

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

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

22 “(b) BOND.—

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

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

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

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

17 **“SEC. 5912. APPLICATION.**

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

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

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

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

8 **“Subchapter C—Operations**

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

“Sec. 5922. Packaging and labeling.

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

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

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

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

10 “Every cannabis enterprise shall—

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

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

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

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

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

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

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

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

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

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

25 “(1) for experimental purposes, or

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

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

7 “(a) RESTRICTION.—No person shall—

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

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

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

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

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

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

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

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

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

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

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

3 “(a) EXPORT LABELED CANNABIS PRODUCTS.—

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

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

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

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

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

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

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

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

19 “Subchapter D—Penalties

“Sec. 5931. Civil penalties.

“Sec. 5932. Criminal penalties.

20 “SEC. 5931. CIVIL PENALTIES.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (f) CONFORMING AMENDMENTS.—

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

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

“CHAPTER 56. CANNABIS PRODUCTS”.

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

“Sec. 9512. Opportunity Trust Fund.”.

19 (g) EFFECTIVE DATE.—

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

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

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

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

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

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

14 **“CHAPTER XI—CANNABIS PRODUCTS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(g) REGISTRATION INFORMATION.—

9 “(1) PRODUCT LIST.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 and

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

10 **“SEC. 1107. RECALL AUTHORITY.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 “(ii) the seeds thereof;

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

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

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

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

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

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

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

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

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

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

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

13 (3) in paragraph (p)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (d) FACTORY INSPECTION.—Section 704 of the Fed-
9 eral Food, Drug, and Cosmetic Act (21 U.S.C. 374) is
10 amended—

11 (1) in subsection (a)—

12 (A) by inserting “cannabis products,” after
13 “tobacco products,” each place it appears;

14 (B) by striking “or tobacco products” each
15 place it appears and inserting “tobacco prod-
16 ucts, or cannabis products”; and

17 (C) by striking “and tobacco products”
18 and inserting “tobacco products, and cannabis
19 products”; and

20 (2) in subsection (b)(1), by inserting “cannabis
21 product,” after “tobacco product,”.

22 (e) PUBLICITY.—Section 705(b) of the Federal Food,
23 Drug, and Cosmetic Act (21 U.S.C. 375(b)) is amended
24 by inserting “cannabis products,” after “tobacco prod-
25 ucts,”.

1 (f) PRESUMPTION.—Section 709 of the Federal
2 Food, Drug, and Cosmetic Act (21 U.S.C. 379a) is
3 amended by inserting “cannabis product,” after “tobacco
4 product,”.

5 (g) IMPORTS AND EXPORTS.—Section 801 of the
6 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381)
7 is amended—

8 (1) in subsection (a)—

9 (A) by inserting “cannabis products,” after
10 “tobacco products,”;

11 (B) by striking “or tobacco products” each
12 place it appears and inserting “, tobacco prod-
13 ucts, or cannabis products”; and

14 (C) by striking “or section 905(h)” and in-
15 serting “, 905(h), or 1104”; and

16 (2) in subsection (e), by striking “tobacco prod-
17 uct or” and inserting “tobacco product, cannabis
18 product, or”.

19 **SEC. 503. EXPEDITED REVIEW.**

20 Subchapter A of chapter V of the Federal Food,
21 Drug, and Cosmetic Act (21 U.S.C. 351 et seq.) is amend-
22 ed by adding at the end the following:

1 **“SEC. 524B. EXPEDITED REVIEW OF CERTAIN DRUGS CON-**
2 **TAINING CANNABIS.**

3 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
4 shall establish a program to expedite the development and
5 review of applications for drugs containing cannabis that
6 are manufactured by a small business concerned owned
7 and controlled by socially and economically disadvantaged
8 individuals that operate in the cannabis industry.

9 “(b) REQUEST FOR DESIGNATION.—A sponsor of a
10 drug containing cannabis that is manufactured by a small
11 business concern owned and controlled by socially and eco-
12 nomically disadvantaged individuals that operate in the
13 cannabis industry may request that the Secretary des-
14 ignate such drug for expedited review under this section.
15 A request for designation may be made concurrently with,
16 or at any time after, the submission of an application for
17 the investigation of the drug under section 505(i) or sec-
18 tion 351(a)(3) of the Public Health Service Act.

19 “(c) ACTIONS.—The actions to expedite the develop-
20 ment and review of an application designated for expedited
21 review under this section may include, as appropriate—

22 “(1) holding meetings with the sponsor and the
23 review team throughout the development of the
24 drug;

25 “(2) providing timely advice to, and interactive
26 communication with, the sponsor regarding the de-

1 velopment of the drug to ensure that the develop-
2 ment program to gather the nonclinical and clinical
3 data necessary for approval is as efficient as prac-
4 ticable; and

5 “(3) priority review, as described in the Manual
6 of Policies and Procedures of the Food and Drug
7 Administration and goals identified in the letters de-
8 scribed in section 101(b) of the Prescription Drug
9 User Fee Amendments of 2017.

10 “(d) EXPEDITED REVIEW GUIDANCE.—Not later
11 than 1 year after the date of enactment of the Cannabis
12 Administration and Opportunity Act, the Secretary shall
13 issue guidance on the implementation of this section. Such
14 guidance shall—

15 “(1) set forth the process by which a person
16 may seek a designation under subsection (b); and

17 “(2) identify the criteria the Secretary will use
18 in evaluating a request for designation under this
19 section.

20 “(e) SMALL BUSINESS CONCERN OWNED AND CON-
21 TROLLED BY SOCIALLY AND ECONOMICALLY DISADVAN-
22 TAGED INDIVIDUALS.—In this section, the term ‘small
23 business concern owned and controlled by socially and eco-
24 nomicallly disadvantaged individuals’ has the meaning

1 given the term in section 8(d)(3)(C) of the Small Business
2 Act.”.

3 **SEC. 504. RESEARCH ON CANNABIS.**

4 (a) IN GENERAL.—The Secretary of Health and
5 Human Services shall award grants to public and non-
6 profit private institutions to conduct research on short-
7 and long-term health effects of cannabis, considering bene-
8 ficial and harmful effects and public health impacts. Such
9 research shall—

10 (1) consider the health effects of cannabis use
11 in at-risk or under researched populations, such as
12 pediatric and older populations, pregnant and
13 breast-feeding women, and heavy cannabis users;

14 (2) consider the pharmacokinetic and
15 pharmacodynamic properties of cannabis, modes of
16 delivery, different concentrations, in various popu-
17 lations, including the dose-response relationships of
18 cannabis and tetrahydrocannabinol or other
19 cannabinoids;

20 (3) consider the harms and benefits associated
21 with understudied cannabis products, such as
22 edibles, concentrates, and topical products;

23 (4) involve well-controlled clinical trials on the
24 potential beneficial and harmful health effects of
25 using different forms of cannabis, such as inhaled

1 (e.g., smoked or vaporized) whole cannabis plant and
2 oral cannabis;

3 (5) seek to characterize the health effects of
4 cannabis on unstudied and understudied health
5 endpoints, such as epilepsy in pediatric populations,
6 symptoms of posttraumatic stress disorder, child-
7 hood and adult cancers, cannabis-related overdoses
8 and poisonings, and other high-priority health end-
9 point;

10 (6) include a workshop to develop a set of re-
11 search standards and benchmarks to guide and en-
12 sure the production of high-quality cannabis re-
13 search;

14 (7) seek to enable improvements to Federal
15 public health surveillance systems and State-based
16 public health surveillance efforts to inform research
17 on the short- and long-term health effects of can-
18 nabis use (both beneficial and harmful effects); and

19 (8) provide support for the development of
20 novel diagnostic technologies that allow for rapid,
21 accurate, and noninvasive assessment of cannabis
22 exposure and impairment.

23 (b) FUNDING.—To carry out this section, there is au-
24 thorized to be appropriated, and there is appropriated, out
25 of any funds in the Treasury not otherwise appropriated,

1 \$[] for each of fiscal years 2021 through
2 2025.

3 **SEC. 505. REGULATION OF CANNABIDIOL.**

4 (a) CBD AS A DIETARY SUPPLEMENT.—Section
5 201(ff)(3)(B) of the Federal Food, Drug, and Cosmetic
6 Act (21 U.S.C. 321(ff)(3)(B)) is amended, in the matter
7 preceding subclause (i), by inserting “, except in the case
8 of cannabidiol derived from hemp (as defined in section
9 297A of the Agricultural Marketing Act of 1946)” after
10 “include”.

11 (b) ADULTERATION.—Section 402 of the Federal
12 Food, Drug, and Cosmetic Act (21 U.S.C. 342) is amend-
13 ed by adding at the end the following new subsection:

14 “(j)(1) If it is a dietary supplement that contains
15 cannabidiol, unless—

16 “(A) such dietary supplement contains no more
17 than an amount of cannabidiol per recommended
18 daily serving that the Secretary may establish (and
19 revise or repeal as appropriate), subject to para-
20 graph (2), through an interim final rule, notwith-
21 standing any requirement for notice and comment
22 that may otherwise apply under section 553 of title
23 5, United States Code;

1 “(B) such dietary supplement is the subject of
2 a notification submitted to the Secretary in accord-
3 ance with section 413(a)(2); and

4 “(C) the labeling and packaging of such dietary
5 supplement conforms with any requirements that the
6 Secretary establishes regarding labeling or pack-
7 aging of dietary supplements containing cannabidiol
8 (which may be promulgated (and revised or repealed
9 as appropriate) by the Secretary through an interim
10 final rule, notwithstanding any requirement for no-
11 tice and comment that may otherwise apply under
12 section 553 of title 5, United States Code).

13 “(2)(A) The amount of cannabidiol established in ac-
14 cordance with paragraph (1)(A)—

15 “(i) shall be a threshold above which the Sec-
16 retary may not accept new dietary ingredient notifi-
17 cations; and

18 “(ii) shall not be interpreted as a determination
19 that lower amounts of cannabidiol are safe.

20 “(B) The Secretary shall establish such a threshold
21 based on such factors as the Secretary determines to be
22 appropriate, which may include a consideration of whether
23 the review of new dietary ingredient notifications for prod-
24 ucts containing higher levels of cannabidiol may be unduly
25 burdensome.”.

1 (c) NEW DIETARY INGREDIENT.—Section 413(a)(1)
2 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C.
3 350b(a)(1)) is amended by inserting “contains no
4 cannabidiol and” before “contains only dietary ingredi-
5 ents”.

6 (d) NEW PROHIBITED ACT.—Section 301 of the Fed-
7 eral Food, Drug, and Cosmetic Act (21 U.S.C. 331), as
8 amended by section 502(b)(6), is further amended by add-
9 ing at the end the following:

10 “(hhh) The introduction or delivery for introduction
11 into interstate commerce of any product labeled as a die-
12 tary supplement that fails to meet the definition of a die-
13 tary supplement under section 201(ff).”.

14 (e) NEW IMPORT EXCLUSION.—Section 801(a) of the
15 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381(a))
16 is amended in paragraph (3) of the third sentence by strik-
17 ing “section 301(ll)” and inserting “paragraph (ll) or
18 (hhh) of section 301”.

19 (f) NEW SEIZURE AUTHORITIES.—Section 304 of the
20 Federal Food, Drug, and Cosmetic Act (21 U.S.C. 334)
21 is amended—

22 (1) in subsection (a)(1), in the first sentence,
23 by inserting “or any article which may not be intro-
24 duced or delivered for introduction into interstate

1 commerce under section 301(hhh),” before “shall be
2 liable”; and

3 (2) in subsection (d)(1), in the first sentence,
4 by inserting “, or any product otherwise introduced
5 or delivered for introduction into interstate com-
6 merce in violation of section 301(hhh) and con-
7 demned under this section,” after “under this sec-
8 tion”.

9 **SEC. 506. AMENDMENT TO THE POISON PREVENTION PACK-**
10 **AGING ACT.**

11 Section 2(2)(B) of the Poison Prevention Packaging
12 Act of 1970 (15 U.S.C. 1471(2)(B)) is amended by strik-
13 ing “or cosmetic” and inserting “cosmetic, or cannabis
14 product,”

15 **Subtitle B—Federal Cannabis**
16 **Administration**

17 **SEC. 511. FEDERAL CANNABIS ADMINISTRATION.**

18 The Federal Alcohol Administration Act (27 U.S.C.
19 201 et seq.) is amended by adding at the end the fol-
20 lowing:

21 **“TITLE III—CANNABIS**

22 **“SEC. 301. UNLAWFUL BUSINESSES WITHOUT CANNABIS**
23 **PERMIT.**

24 “(a) IMPORT.—It shall be unlawful, except pursuant
25 to a permit issued under this title by the Secretary—

1 “(1) to engage in the business of importing
2 cannabis into the United States; or

3 “(2) for any person so engaged to sell, offer or
4 deliver for sale, contract to sell, or ship, in interstate
5 or foreign commerce, directly or indirectly or
6 through an affiliate, cannabis so imported.

7 “(b) MANUFACTURE AND SALE.—It shall be unlaw-
8 ful, except pursuant to a permit issued under this title
9 by the Secretary—

10 “(1) to engage in the business of cultivating,
11 producing, manufacturing, packaging, or
12 warehousing cannabis; or

13 “(2) for any person so engaged to sell, offer or
14 deliver for sale, contract to sell, or ship, in interstate
15 or foreign commerce, directly or indirectly or
16 through an affiliate, cannabis so cultivated, pro-
17 duced, manufactured, packaged, or warehoused.

18 “(c) RESALE.—It shall be unlawful, except pursuant
19 to a permit issued under this title by the Secretary—

20 “(1) to engage in the business of purchasing
21 cannabis for resale at wholesale; or

22 “(2) for any person so engaged to receive or to
23 sell, offer or deliver for sale, contract to sell, or ship,
24 in interstate or foreign commerce, directly or indi-
25 rectly or through an affiliate, cannabis so purchased.

1 “(d) TRANSITION RULE.—Subject to section 302(e),
2 in the case of a person who has filed a complete and accu-
3 rate application for a permit under this section within 90
4 days of the date on which the Secretary has issued any
5 necessary guidance and forms with respect to such appli-
6 cations, this section shall not apply to such person during
7 the period prior to any determination under section 302
8 as to the entitlement of such person to such permit, pro-
9 vided that such person is in compliance with—

10 “(1) any applicable regulations under this title;

11 and

12 “(2) payment of any taxes imposed under chap-
13 ter 56 of the Internal Revenue Code of 1986.

14 **“SEC. 302. PROCEDURE FOR ISSUANCE OF CANNABIS PER-**
15 **MITS.**

16 “(a) ENTITLEMENT TO PERMIT.—

17 “(1) IN GENERAL.—The Secretary shall issue a
18 permit for operations requiring a permit under sec-
19 tion 301 unless the Secretary finds that—

20 “(A) the applicant (or if the applicant is a
21 corporation, any of its officers, directors, or
22 principal stockholders) has been convicted of a
23 disqualifying offense;

24 “(B) the operations proposed to be con-
25 ducted by the applicant are in violation of the

1 law of the State in which they are to be con-
2 ducted; or

3 “(C) the applicant is not likely to maintain
4 such operations in conformity with Federal law.

5 “(2) DISQUALIFYING OFFENSES.—

6 “(A) IN GENERAL.—For the purposes of
7 paragraph (1), a disqualifying offense is any
8 felony violation of any provision of Federal or
9 State criminal law relating to cannabis or can-
10 nabis products (including the taxation thereof),
11 if the conviction occurred after the date of en-
12 actment of the Cannabis Administration and
13 Opportunity Act and not later than 3 years be-
14 fore the date of the application.

15 “(B) WAIVER PURSUANT TO FINDING OF
16 MITIGATION OR REHABILITATION AND FITNESS
17 FOR OCCUPATION.—Notwithstanding subpara-
18 graph (A), an offense shall not be considered a
19 disqualifying offense if, pursuant to a submis-
20 sion of waiver request by the applicant to the
21 Cannabis Products Advisory Committee estab-
22 lished under section 1111 of the Federal Food,
23 Drug, and Cosmetic Act, such committee finds
24 that the applicant has established sufficient
25 mitigation or rehabilitation and fitness to main-

1 tain cannabis operations in compliance with
2 State and Federal law by providing—

3 “(i) evidence showing that—

4 “(I) the applicant has not been
5 convicted of a crime that occurred
6 after the date on which the offense
7 with respect to which the waiver was
8 requested occurred; and

9 “(II) the applicant has complied
10 with all terms and conditions of pro-
11 bation or parole; or

12 “(ii) any other evidence of mitigation
13 and present fitness, including—

14 “(I) the circumstances relating to
15 the offense, including mitigating cir-
16 cumstances or social conditions sur-
17 rounding the commission of the of-
18 fense;

19 “(II) the age of the applicant
20 when the applicant committed the of-
21 fense;

22 “(III) the period of time that has
23 elapsed since the applicant committed
24 the offense;

1 “(IV) additional evidence of edu-
2 cational, training, or work activities
3 that the applicant has participated in,
4 including during any period of incar-
5 ceration;

6 “(V) letters of reference by per-
7 sons who have been in contact with
8 the applicant since the applicant was
9 released from any correctional institu-
10 tion; and

11 “(VI) completion of, or active
12 participation in, rehabilitative drug or
13 alcohol treatment.

14 “(b) REFUSAL OF PERMIT; HEARING.—If upon ex-
15 amination of any application for a permit the Secretary
16 has reason to believe that the applicant is not entitled to
17 such permit, the Secretary shall so notify the applicant
18 and, upon request by the applicant, afford the applicant
19 due notice and opportunity for hearing on the application.
20 If the Secretary, after affording such notice and oppor-
21 tunity for hearing, still finds that the applicant is not enti-
22 tled to a permit hereunder, the Secretary shall by order
23 deny the application stating the findings which are the
24 basis for the order.

25 “(c) FORM OF APPLICATION.—

1 “(1) GENERALLY.—The Secretary shall—

2 “(A) prescribe the manner and form of ap-
3 plications for permits under this title (including
4 the facts to be set forth in the application);

5 “(B) prescribe the form of such permits;
6 and

7 “(C) specify in any permit the authority
8 conferred by the permit and the conditions of
9 that permit in accordance with this title.

10 “(2) SEPARATE TYPES OF APPLICATIONS AND
11 PERMITS.—To the extent deemed necessary by the
12 Secretary for the efficient administration of this
13 title, the Secretary may require separate applications
14 and permits with respect to the various classes of
15 cannabis, and with respect to the various classes of
16 persons entitled to permits under this title.

17 “(3) DISCLAIMER.—The issuance of a permit
18 under this title does not deprive the United States
19 of any remedy for a violation of law.

20 “(d) CONDITIONS.—

21 “(1) IN GENERAL.—A permit under this title
22 shall be conditioned upon—

23 “(A) compliance with all other Federal
24 laws relating to production and sale of can-
25 nabis, as well as compliance with all State laws

1 relating to said activities in the State in which
2 the permit applicant resides and does business;
3 and

4 “(B) payment to the Secretary of a reason-
5 able permit fee in an amount determined by the
6 Secretary to be sufficient over time to offset the
7 cost of implementing and overseeing all aspects
8 of cannabis regulation by the Federal Govern-
9 ment.

10 “(2) WAIVER OF PERMIT FEE.—Pursuant to
11 regulations prescribed by the Secretary, the permit
12 fee described in paragraph (1)(B) shall be waived in
13 the case of an individual who—

14 “(A) has had an income below 250 percent
15 of the Federal Poverty Level for not fewer than
16 5 of the 10 years preceding the date on which
17 the individual submits an application for a per-
18 mit under this title; and

19 “(B) is a first-time applicant.

20 “(e) REVOCATION, SUSPENSION, AND ANNUL-
21 MENT.—

22 “(1) GENERALLY.—After due notice and oppor-
23 tunity for hearing, the Secretary may order a permit
24 under this title—

1 “(A) revoked or suspended for such period
2 as the Secretary deems appropriate, if the Sec-
3 retary finds that the permittee has willfully vio-
4 lated any of the conditions of the permit, but
5 for a first violation of the conditions the permit
6 shall be subject to suspension only;

7 “(B) revoked if the Secretary finds that
8 the permittee has not engaged in the operations
9 authorized by the permit for a period of more
10 than 2 years; or

11 “(C) annulled if the Secretary finds that
12 the permit was procured through fraud, or mis-
13 representation, or concealment of material fact.

14 “(2) ORDER TO STATE BASIS FOR ORDER.—
15 The order shall state the findings which are the
16 basis for the order.

17 “(f) SERVICE OF ORDERS.—Each order of the Sec-
18 retary with respect to any denial of application, suspen-
19 sion, revocation, annulment, or other proceedings, shall be
20 served—

21 “(1) in person by any officer or employee of the
22 Secretary designated by him or any internal revenue
23 or customs officer authorized by the Secretary for
24 the purpose; or

1 “(2) by mailing the order by registered mail,
2 addressed to the applicant or respondent at his last
3 known address in the records of the Secretary.

4 “(g) DURATION.—

5 “(1) GENERAL RULE.—Except as otherwise
6 provided in this subsection, a permit issued under
7 this title shall continue in effect until suspended, re-
8 voked, or annulled as provided in this title, or volun-
9 tarily surrendered.

10 “(2) EFFECT OF TRANSFER.—If operations
11 under a permit issued under this title are trans-
12 ferred, the permit automatically terminates 30 days
13 after the date of that transfer, unless an application
14 is made by the transferee before the end of that pe-
15 riod for a permit under this title for those oper-
16 ations. If such an application is made, the out-
17 standing permit shall continue in effect until such
18 application is finally acted on by the Secretary.

19 “(3) DEFINITION OF TRANSFER.—For the pur-
20 poses of this section, the term ‘transfer’ means any
21 change of ownership or control, whether voluntary or
22 by operation of law.

23 “(h) JUDICIAL REVIEW.—A permittee or applicant
24 for a permit under this title may obtain judicial review
25 under chapter 7 of title 5, United States Code, of the de-

1 nial of the application of that applicant or, in the case
2 of a permittee, the denial of an application by the trans-
3 feree of that permittee.

4 “(i) STATUTE OF LIMITATIONS.—

5 “(1) IN GENERAL.—No proceeding for the sus-
6 pension or revocation of a permit for violation of any
7 condition thereof relating to compliance with Federal
8 law shall be instituted by the Secretary more than
9 18 months after conviction of the violation of Fed-
10 eral law, or, if no conviction has been had, more
11 than 3 years after the violation occurred.

12 “(2) COMPROMISE.—No permit shall be sus-
13 pended or revoked for a violation of any such condi-
14 tion thereof if the alleged violation of Federal law
15 has been compromised by any officer of the Govern-
16 ment authorized to compromise such violation.

17 **“SEC. 303. DELIVERY OF HEMP INADVERTENTLY EXCEED-**
18 **ING PERMISSIBLE CONCENTRATION OF**
19 **DELTA-9 TETRAHYDROCANNABINOL.**

20 “(a) IN GENERAL.—The Secretary, in coordination
21 with the Secretary of Agriculture and the Secretary of
22 Health and Human Services, shall issue regulations to es-
23 tablish a process for the lawful delivery of hemp described
24 in subsection (b) to a cannabis enterprise holding a permit

1 issued under this title and authorized pursuant to section
2 5911 of the Internal Revenue Code of 1986.

3 “(b) HEMP DESCRIBED.—Hemp referred to in sub-
4 section (a) is *Cannabis sativa* L. inadvertently produced
5 with a delta-9 tetrahydrocannabinol concentration of more
6 than 0.3 percent on a dry weight basis—

7 “(1) before September 30, 2021, by an institu-
8 tion of higher education or State department of agri-
9 culture that grows or cultivates industrial hemp
10 under section 7606 of the Agricultural Act of 2014
11 (7 U.S.C. 5940); or

12 “(2) by a producer of hemp under subtitle G of
13 the Agricultural Marketing Act of 1946 (7 U.S.C.
14 1639o et seq.).

15 **“SEC. 304. UNFAIR COMPETITION AND UNLAWFUL PRAC-
16 TICES.**

17 “(a) IN GENERAL.—It shall be unlawful for any per-
18 son engaged in the business of importing cannabis into
19 the United States, or cultivating, producing, manufac-
20 turing, packaging, or warehousing cannabis, or purchasing
21 cannabis for resale at wholesale, directly or indirectly or
22 through an affiliate, to do any of the following:

23 “(1) EXCLUSIVE OUTLET.—To require, by
24 agreement or otherwise, that any retailer engaged in
25 the sale of cannabis products, purchase any such

1 products from such person to the exclusion in whole
2 or in part of cannabis sold or offered for sale by
3 other persons in interstate or foreign commerce, if
4 such requirement is made in the course of interstate
5 or foreign commerce, or if such person engages in
6 such practice to such an extent as substantially to
7 restrain or prevent transactions in interstate or for-
8 eign commerce in any such products, or if the direct
9 effect of such requirement is to prevent, deter,
10 hinder, or restrict other persons from selling or of-
11 fering for sale any such products to such retailer in
12 interstate or foreign commerce.

13 “(2) TIED HOUSE.—To induce through any of
14 the following means, any retailer, engaged in the
15 sale of cannabis products to purchase any such prod-
16 ucts from such person to the exclusion in whole or
17 in part of cannabis sold or offered for sale by other
18 persons in interstate or foreign commerce, if such
19 inducement is made in the course of interstate or
20 foreign commerce, or if such person engages in the
21 practice of using such means, or any of them, to
22 such an extent as substantially to restrain or prevent
23 transactions in interstate or foreign commerce in
24 any such products, or if the direct effect of such in-
25 ducement is to prevent, deter, hinder, or restrict

1 other persons from selling or offering for sale any
2 such products to such retailer in interstate or for-
3 eign commerce:

4 “(A) Acquiring or holding (after the expi-
5 ration of any existing license) any interest in
6 any license with respect to the premises of the
7 retailer.

8 “(B) Acquiring any interest in real or per-
9 sonal property owned, occupied, or used by the
10 retailer in the conduct of his business.

11 “(C) Furnishing, giving, renting, lending,
12 or selling to the retailer, any equipment, fix-
13 tures, signs, supplies, money, services, or other
14 thing of value, subject to such exceptions as the
15 Secretary shall by regulation prescribe, having
16 due regard for public health, the quantity and
17 value of articles involved, established trade cus-
18 toms not contrary to the public interest and the
19 purposes of this subsection.

20 “(D) Paying or crediting the retailer for
21 any advertising, display, or distribution service.

22 “(E) Guaranteeing any loan or the repay-
23 ment of any financial obligation of the retailer.

24 “(F) Extending to the retailer credit for a
25 period in excess of the credit period usual and

1 customary to the industry for the particular
2 class of transactions, as ascertained by the Sec-
3 retary of the Treasury and prescribed by regu-
4 lations by him.

5 “(G) Requiring the retailer to take and
6 dispose of a certain quota of any of such prod-
7 ucts.

8 “(3) COMMERCIAL BRIBERY.—To induce
9 through any of the following means, any trade buyer
10 engaged in the sale of cannabis products, to pur-
11 chase any such products from such person to the ex-
12 clusion in whole or in part of cannabis products sold
13 or offered for sale by other persons in interstate or
14 foreign commerce, if such inducement is made in the
15 course of interstate or foreign commerce, or if such
16 person engages in the practice of using such means,
17 or any of them, to such an extent as substantially
18 to restrain or prevent transactions in interstate or
19 foreign commerce in any such products, or if the di-
20 rect effect of such inducement is to prevent, deter,
21 hinder, or restrict other persons from selling or of-
22 fering for sale any such products to such trade
23 buyer in interstate or foreign commerce:

24 “(A) Commercial bribery.

1 “(B) Offering or giving any bonus, pre-
2 mium, or compensation to any officer, or em-
3 ployee, or representative of the trade buyer.

4 “(4) CONSIGNMENT SALES.—To sell, offer for
5 sale, or contract to sell to any trade buyer engaged
6 in the sale of cannabis products, or for any such
7 trade buyer to purchase, offer to purchase, or con-
8 tract to purchase, any such products on consignment
9 or under conditional sale or with the privilege of re-
10 turn or on any basis otherwise than a bona fide sale,
11 or where any part of such transaction involves, di-
12 rectly or indirectly, the acquisition by such person
13 from the trade buyer or his agreement to acquire
14 from the trade buyer other cannabis products, if
15 such sale, purchase, offer, or contract is made in the
16 course of interstate or foreign commerce, or if such
17 person or trade buyer engages in such practice to
18 such an extent as substantially to restrain or prevent
19 transactions in interstate or foreign commerce in
20 any such products or if the direct effect of such sale,
21 purchase, offer, or contract is to prevent, deter,
22 hinder, or restrict other persons from selling or of-
23 fering for sale any such products to such trade
24 buyer in interstate or foreign commerce.

1 “(5) LABELING.—To sell or ship or deliver for
2 sale or shipment, or otherwise introduce in interstate
3 or foreign commerce, or to receive therein, or to re-
4 move from customs custody for consumption, any
5 cannabis product in packages, unless such products
6 are packaged, and labeled in conformity with such
7 regulations, to be prescribed by the Secretary, with
8 respect to packaging, marking, branding, and label-
9 ing and size of container—

10 “(A) as will prohibit deception of the con-
11 sumer with respect to such products or the
12 quantity thereof and as will prohibit, irrespec-
13 tive of falsity, such statements relating to man-
14 ufacturing processes, analyses, guarantees, and
15 scientific or irrelevant matters as the Secretary
16 finds to be likely to mislead the consumer;

17 “(B) as will provide the consumer with in-
18 formation described in section 1103 of the Fed-
19 eral Food, Drug, and Cosmetic Act ;

20 “(C) as will require compliance with sec-
21 tion 112(b) of the Cannabis Administration and
22 Opportunity Act;

23 “(D) as will prohibit statements on the
24 label that are disparaging of a competitor’s

1 products or are false, misleading, obscene, or
2 indecent; and

3 “(E) as will prevent deception of the con-
4 sumer by use of a trade or brand name that is
5 the name of any living individual of public
6 prominence, or existing private or public organi-
7 zation, or is a name that is in simulation or is
8 an abbreviation thereof, and as will prevent the
9 use of a graphic, pictorial, or emblematic rep-
10 resentation of any such individual or organiza-
11 tion, if the use of such name or representation
12 is likely falsely to lead the consumer to believe
13 that the product has been indorsed, made, or
14 used by, or produced for, or under the super-
15 vision of, or in accordance with the specifica-
16 tions of, such individual or organization.

17 “(6) ADVERTISING.—To publish or disseminate
18 or cause to be published or disseminated by radio
19 broadcast, or in any newspaper, periodical or other
20 publication or by any sign or outdoor advertisement
21 or any other printed or graphic matter, any adver-
22 tisement of cannabis, if such advertisement is in, or
23 is calculated to induce sales in, interstate or foreign
24 commerce, or is disseminated by mail, unless such

1 advertisement is in conformity with such regulations,
2 to be prescribed by the Secretary, as will—

3 “(A) prevent deception of the consumer
4 with respect to the products advertised and as
5 will prohibit, irrespective of falsity, such state-
6 ments relating to manufacturing processes,
7 analyses, guaranties, and scientific or irrelevant
8 matters as the Secretary finds to be likely to
9 mislead the consumer;

10 “(B) provide the consumer with adequate
11 information as to the identity and quality of the
12 products advertised, the characteristics thereof,
13 and the person responsible for the advertise-
14 ment;

15 “(C) prohibit statements that are dispar-
16 aging of a competitor’s products or are false,
17 misleading, obscene, or indecent; and

18 “(D) prevent statements inconsistent with
19 any statement on the labeling of the products
20 advertised.

21 “(b) REMOVAL OR DESTRUCTION OF LABEL.—It
22 shall be unlawful for any person to alter, mutilate, destroy,
23 obliterate, or remove any mark, brand, or label upon can-
24 nabis products held for sale in interstate or foreign com-
25 merce or after shipment therein, except as authorized by

1 Federal law or except pursuant to regulations of the Sec-
2 retary authorizing relabeling for purposes of compliance
3 with the requirements of this subsection or of State law.

4 “(c) EXCEPTIONS.—

5 “(1) CONSIGNMENT SALES.—Paragraph (4) of
6 subsection (a) shall not apply to transactions involv-
7 ing solely the bona fide return of merchandise for
8 ordinary and usual commercial reasons arising after
9 the merchandise has been sold.

10 “(2) LABELING.—Paragraph (5) of such sub-
11 section shall not apply to the use of the name of any
12 person engaged in business as a manufacturer of
13 cannabis products, nor to the use by any person of
14 a trade or brand name used by him or his prede-
15 cessor in interest prior to the date of enactment of
16 the Cannabis Administration and Opportunity Act.

17 “(3) ADVERTISING.—Paragraph (6) of such
18 subsection shall not apply to the publisher of any
19 newspaper, periodical, or other publication, or radio
20 broadcaster, unless such publisher or radio broad-
21 caster is engaged in the business of importing can-
22 nabis into the United States, or cultivating, pro-
23 ducing, manufacturing, packaging, or warehousing
24 cannabis, or purchasing cannabis for resale at whole-
25 sale, directly or indirectly or through an affiliate.

1 **“SEC. 305. REMEDIES FOR VIOLATIONS.**

2 “(a) CRIMINAL FINE.—

3 “(1) GENERALLY.—Whoever violates section
4 301 shall be fined not more than \$1,000.

5 “(2) SETTLEMENT IN COMPROMISE.—The Sec-
6 retary may decide not to refer a violation of such
7 section to the Attorney General for prosecution but
8 instead to collect a payment from the violator of no
9 more than \$500 for that violation.

10 “(b) CIVIL ACTION FOR RELIEF.—The Attorney
11 General may, in a civil action, obtain appropriate relief
12 to prevent and restrain a violation of this title.

13 **“SEC. 306. DEFINITIONS.**

14 “In this title—

15 “(1) the term ‘cannabis’ has the meaning given
16 such term in section 3 of the Cannabis Administra-
17 tion and Opportunity Act;

18 “(2) the term ‘Secretary’ means the Secretary
19 of the Treasury or the Secretary’s delegate; and

20 “(3) the term ‘State’ includes the District of
21 Columbia, Puerto Rico, and any territory or posses-
22 sion of the United States.”.

1 **SEC. 512. INCREASED FUNDING FOR THE ALCOHOL, TO-**
2 **BACCO, AND CANNABIS TAX AND TRADE BU-**
3 **REAU.**

4 In addition to any other amounts authorized to be
5 appropriated to the Alcohol, Tobacco, and Cannabis Tax
6 and Trade Bureau, there is authorized to be appropriated,
7 for each of the fiscal years 2021 through 2025,
8 \$[_____], which shall be used to carry out this
9 Act and the amendments made by this Act.

10 **TITLE VI—MISCELLANEOUS**

11 **SEC. 601. COMPTROLLER GENERAL REVIEW OF LAWS AND**
12 **REGULATIONS.**

13 (a) IN GENERAL.—The Comptroller General shall
14 conduct a review of Federal laws, regulations, and policies
15 to—

16 (1) determine if any changes in them are desir-
17 able in the light of the purposes and provisions of
18 this Act;

19 (2) identify any use of the terms “marijuana”
20 or “marihuana” in the rulings, regulations, or inter-
21 pretations of various administrative bureaus and
22 agencies of the United States and direct that such
23 terms be replaced with the term “cannabis”; and

24 (3) identify any use of the terms “marijuana”
25 or “marihuana” in the statutes of the United States
26 and propose any amendments necessary to such

1 statutes to replace such terms with the term “can-
2 nabis”.

3 (b) REPORT.—Not later than 2 years after the date
4 of the enactment of this Act, the Comptroller General shall
5 make to Congress and the relevant agencies such rec-
6 ommendations relating to the results of the review de-
7 scribed in subsection (a) as the Comptroller General
8 deems appropriate.

9 **SEC. 602. SEVERABILITY.**

10 If any provision of this Act or an amendment made
11 by this Act, or any application of such provision to any
12 person or circumstance, is held to be unconstitutional, the
13 remainder of this Act, the amendments made by this Act,
14 and the application of this Act and the amendments made
15 by this Act to any other person or circumstance shall not
16 be affected.