IN THE SENATE OF THE UNITED STATES

DECEMBER 7, 2020

Received; read twice and referred to the Committee on Finance

AN ACT

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Marijuana Opportunity Reinvestment and Expungement Act of 2020” or the “MORE Act of 2020”.

SEC. 2. FINDINGS.

The Congress finds as follows:

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

(2) A legacy of racial and ethnic injustices, compounded by the disproportionate collateral consequences of 80 years of cannabis prohibition enforcement, now limits participation in the industry.

(3) 36 States, the District of Columbia, Puerto Rico, and Guam have adopted laws allowing legal access to cannabis, and 15 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands have adopted laws legalizing cannabis for adult recreational use.

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

(5) Legal cannabis sales totaled $9.5 billion in 2017 and are projected to reach $23 billion by 2022.
(6) According to the American Civil Liberties Union (ACLU), enforcing cannabis prohibition laws costs taxpayers approximately $3.6 billion a year.

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

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

(9) In 2013, simple cannabis possession was the fourth most common cause of deportation for any offense and the most common cause of deportation for drug law violations.

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

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

(12) Historically disproportionate arrest and conviction rates make it particularly difficult for people of color to enter the legal cannabis marketplace, as most States bar these individuals from participating.

(13) Federal law severely limits access to loans and capital for cannabis businesses, disproportionately impacting minority small business owners.

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

SEC. 3. DECRIMINALIZATION OF CANNABIS.

(a) Cannabis Removed From Schedule of Controlled Substances.—

(1) Removal in statute.—Subsection (c) of schedule I of section 202(e) of the Controlled Substances Act (21 U.S.C. 812) is amended—

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

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

(2) Removal from Schedule.—Not later than 180 days after the date of the enactment of this Act, the Attorney General shall finalize a rule-making under section 201(a)(2) removing marihuana and tetrahydrocannabinols from the schedules of controlled substances. For the purposes of the Controlled Substances Act, marihuana and tetrahydrocannabinols shall each be deemed to be a drug or other substance that does not meet the requirements for inclusion in any schedule. A rule-making under this paragraph shall be considered to have taken effect as of the date of enactment of this Act for purposes of any offense committed, case pending, conviction entered, and, in the case of a juvenile, any offense committed, case pending, and adjudication of juvenile delinquency entered before, on, or after the date of enactment of this Act.

(b) Conforming Amendments to Controlled Substances Act.—The Controlled Substances Act (21 U.S.C. 801 et seq.) is amended—

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

(2) in section 401(b) (21 U.S.C. 841(b))—
(A) in paragraph (1)—

(i) in subparagraph (A)—

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

(II) by striking clause (vii); and

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

(ii) in subparagraph (B)—

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

(II) by striking clause (vii); and

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

(iii) in subparagraph (C), in the first sentence, by striking “subparagraphs (A), (B), and (D)” and inserting “subparagraphs (A) and (B)”;

(iv) by striking subparagraph (D);

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

(vi) in subparagraph (D)(i), as so redesignated, by striking “subparagraphs (C) and (D)” and inserting “subparagraph (C)”;

(B) by striking paragraph (4); and
(C) by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively;

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

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

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

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

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

(A) in the matter preceding paragraph (1), by striking “marijuana,”; and

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

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

(e) Other Conforming Amendments.—

(A) in section 15002(a) (16 U.S.C. 559b(a)) by striking “marijuana and other”; 
(B) in section 15003(2) (16 U.S.C. 559c(2)) by striking “marijuana and other”; 
and 
(C) in section 15004(2) (16 U.S.C. 559d(2)) by striking “marijuana and other”.

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

(A) in subsection (1)(e), by striking “marihuana,”; and 
(B) in subsection (2) by striking “marihuana”.

(3) FMCSA PROVISIONS.—

(A) CONFORMING AMENDMENT.—Section 31301(5) of title 49, United States Code, is amended by striking “section 31306,” and inserting “sections 31306, 31306a, and subsections (b) and (c) of section 31310,”.

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

(i) by striking “means any substance” and inserting the following: “means—

“(A) any substance”; and
(ii) by striking the period at the end and inserting ‘‘; and

‘‘(B) any substance not covered under subparagraph (A) that was a substance under such section as of December 1, 2018, and specified by the Secretary of Transportation.’’.

(C) DISQUALIFICATIONS.—Section 31310(b) of title 49, United States Code, is amended by adding at the end the following: ‘‘(3) In this subsection and subsection (c), the term ‘controlled substance’ has the meaning given such term in section 31306(a).’’.

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

(A) by striking ‘‘means any substance’’ and inserting the following: ‘‘means—

‘‘(A) any substance’’; and

(B) by striking the period at the end and inserting ‘‘; and

‘‘(B) any substance not covered under subparagraph (A) that was a substance under such section as of December 1, 2018, and specified by the Secretary of Transportation.’’.

(5) FRA PROVISIONS.—Section 20140(a) of title 49, United States Code, is amended—
(A) by striking “means any substance” and inserting the following: “means—

“(A) any substance”; and

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

“(B) any substance not covered under sub-

paragraph (A) that was a substance under such
section as of December 1, 2018, and specified
by the Secretary of Transportation.”.

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

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

“(A) any substance”; and

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

“(B) any substance not covered under sub-

paragraph (A) that was a substance under such
section as of December 1, 2018, and whose use
the Secretary of Transportation decides has a
risk to transportation safety.”.

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

(e) Effect on Other Law.—Nothing in this sub-
title shall affect or modify—

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

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

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

(A) under—

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

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

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

(f) Public Meetings.—Not later than one year
after the date of enactment of this Act, the Secretary of
Health and Human Services, acting through the Commis-
sioner of Food and Drugs, shall hold not less than one
public meeting to address the regulation, safety, manufac-
turing, product quality, marketing, labeling, and sale of
products containing cannabis or cannabis-derived com-
ponents.

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

“(h) MARIJUANA.—

“(1) CONTINUED TESTING.—Notwithstanding
the Marijuana Opportunity Reinvestment and
Expungement Act of 2020 and the amendments
made thereby, the Secretary of Health and Human
Services may continue to include marijuana for pur-
poses of drug testing of Federal employees subject
to this section, Executive Order 12564, or other ap-
plicable Federal laws and orders.

“(2) DEFINITION.—The term ‘marijuana’ has
the meaning given to the term ‘marihuana’ in sec-
tion 102 of the Controlled Substances Act (21 6
U.S.C. 802) on the day before the date of enactment
of the Marijuana Opportunity Reinvestment and
Expungement Act of 2020.’’.

(h) SPECIAL RULE FOR CERTAIN REGULATIONS.—
(1) IN GENERAL.—The amendments made by this section may not be construed to abridge the authority of the Secretary of Transportation, or the Secretary of the department in which the Coast Guard is operating, to regulate and screen for the use of a controlled substance.

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

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

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

SEC. 4. DEMOGRAPHIC DATA OF CANNABIS BUSINESS OWNERS AND EMPLOYEES.

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

(1) individuals who are business owners in the cannabis industry; and
(2) individuals who are employed in the cannabis industry.

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

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

(c) CONFIDENTIALITY.—The name, address, and other identifying information of individuals employed in the cannabis industry shall be kept confidential by the Bureau and not be made available to the public.

(d) DEFINITIONS.—In this section:

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

(2) CANNABIS INDUSTRY.—The term “cannabis industry” means an individual or entity that is li-
licensed or permitted under a State or local law to engage in commercial cannabis-related activity.

(3) Owner.—The term “owner” means an individual or entity that is defined as an owner under the State or local law where the individual or business is licensed or permitted.

SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IMPOSITION OF TAXES WITH RESPECT TO CANNABIS PRODUCTS.

(a) Establishment of Trust Fund.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 9512. OPPORTUNITY TRUST FUND.

“(a) Creation of Trust Fund.—There is established in the Treasury of the United States a trust fund to be known as the ‘Opportunity Trust Fund’ (referred to in this section as the ‘Trust Fund’), consisting of such amounts as may be appropriated or credited to such fund as provided in this section or section 9602(b).

“(b) Transfers to Trust Fund.—There are hereby appropriated to the Trust Fund amounts equivalent to the net revenues received in the Treasury from the taxes imposed under chapter 56.
“(c) EXPENDITURES.—Amounts in the Trust Fund shall be available, without further appropriation, only as follows:

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

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

“(3) 20 percent to the Administrator of the Small Business Administration to carry out section 6(b)(1) of the Marijuana Opportunity Reinvestment and Expungement Act of 2020.

“(4) 20 percent to the Administrator of the Small Business Administration to carry out section 6(b)(2) of the Marijuana Opportunity Reinvestment and Expungement Act of 2020.”.

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

“CHAPTER 56—CANNABIS PRODUCTS

“SUBCHAPTER A. TAX ON CANNABIS PRODUCTS

“SUBCHAPTER B. OCCUPATIONAL TAX

“SUBCHAPTER C. BOND AND PERMITS

“SUBCHAPTER D. OPERATIONS

“SUBCHAPTER E. PENALTIES
“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.

SEC. 5901. IMPOSITION OF TAX.

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

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

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

“(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a)(1), the applicable percentage shall be determined as follows:

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

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

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

“(c) Applicable Equivalent Amount.—

“(1) In general.—For purposes of subsection (a)(2), the term ‘applicable equivalent amount’ means, with respect to any cannabis product removed during any calendar year, an amount equal to—

“(A) in the case of any cannabis product not described in subparagraph (B), the product of the applicable rate per ounce multiplied by the number of ounces of such product (and a proportionate tax at the like rate on all fractional parts of an ounce of such product), and

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

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

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

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

“SEC. 5902. DEFINITIONS.

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

“(1) CANNABIS PRODUCT.—

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

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

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

“(i) a drug—

“(I) that is approved under section 505 of the Federal Food, Drug, and Cosmetic Act or licensed under section 351 of the Public Health Service Act, or
“(II) for which an investigational
use exemption has been authorized
under section 505(i) of the Federal
Food, Drug, and Cosmetic Act or
under section 351(a) of the Public
Health Service Act, or
“(ii) a combination product (as de-
scribed in section 503(g) of the Federal
Food, Drug, and Cosmetic Act), the con-
stituent parts of which were approved or
cleared under section 505, 510(k), or 515
of such Act.
“(D) INDUSTRIAL HEMP.—The term ‘in-
dustrial hemp’ means the plant Cannabis sativa
L. and any part of such plant, whether growing
or not, with a delta-9 tetrahydrocannabinol con-
centration of not more than 0.3 percent on a
dry weight basis.
“(2) THC-MEASURABLE CANNABIS PRODUCT.—
The term ‘THC-measurable cannabis product’
means any cannabis product—
“(A) with respect to which the Secretary
has made a determination that the amount of
tetrahydrocannabinol in such product can be
measured with a high degree of accuracy, or
“(B) which is not cannabis flower and the concentration of tetrahydrocannabinol in which is significantly higher than the average such concentration in cannabis flower.

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

“(b) DEFINITIONS RELATED TO CANNABIS ENTERPRISES.—For purposes of this chapter—

“(1) CANNABIS ENTERPRISE.—The term ‘cannabis enterprise’ means a producer, importer, or export warehouse proprietor.

“(2) PRODUCER.—

“(A) IN GENERAL.—The term ‘producer’ means any person who plants, cultivates, harvests, grows, manufactures, produces, compounds, converts, processes, prepares, or packages any cannabis product.

“(B) PERSONAL USE EXCEPTION.—Subject to regulation prescribed by the Secretary, the term ‘producer’ shall not include any individual otherwise described in subparagraph (A) if the only cannabis product described in such subparagraph with respect to such individual is for personal or family use and not for sale.
“(3) IMPORTER.—The term ‘importer’ means any person who—

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

“(B) removes cannabis products for sale or consumption in the United States from a customs bonded warehouse, or

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

“(4) EXPORT WAREHOUSE PROPRIETOR.—

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

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

“(i) for subsequent shipment to a foreign country or a possession of the United States, or
“(ii) for consumption beyond the jurisdiction of the internal revenue laws of the United States.

“(5) CANNABIS PRODUCTION FACILITY.—The term ‘cannabis production facility’ means an establishment which is qualified under subchapter C to perform any operation for which such qualification is required under such subchapter.

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

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

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

“(A) the transfer of cannabis products from the premises of a producer (or the transfer of such products from the bonded premises of a producer to a non-bonded premises of such producer),

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

“(C) smuggling or other unlawful importation of such products into the United States.

“(3) REMOVAL PRICE.—The term ‘removal price’ means—
“(A) except as otherwise provided in this paragraph, the price for which the cannabis product is sold in the sale which occurs in connection with the removal of such product,

“(B) in the case of any such sale which is described in section 5903(c), the price determined under such section, and

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

“SEC. 5903. LIABILITY AND METHOD OF PAYMENT.

“(a) LIABILITY FOR TAX.—

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

“(2) TRANSFER OF LIABILITY.—

“(A) IN GENERAL.—When cannabis products are transferred, without payment of tax, pursuant to subsection (b) or (c) of section 5904—

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

“(ii) in the case of cannabis products which are released in bond from customs custody for transfer to the bonded premises of a producer, the transferee shall become liable for the tax on such articles upon release from customs custody, and the importer shall thereupon be relieved of their liability for such tax.

“(B) RETURNED TO BOND.—All provisions of this chapter applicable to cannabis products in bond shall be applicable to such articles returned to bond upon withdrawal from the market or returned to bond after previous removal for a tax-exempt purpose.

“(b) METHOD OF PAYMENT OF TAX.—

“(1) IN GENERAL.—

“(A) TAXES PAID ON BASIS OF RETURN.— The taxes imposed by section 5901 shall be paid on the basis of return. The Secretary shall, by regulations, prescribe the period or the event to be covered by such return and the information to be furnished on such return.
“(B) Application to Transferees.—In the case of any transfer to which subsection (a)(2)(A) applies, the tax under section 5901 on the transferee shall (if not otherwise relieved by reason of a subsequent transfer to which such subsection applies) be imposed with respect to the removal of the cannabis product from the bonded premises of the transferee.

“(C) Postponement.—Any postponement under this subsection of the payment of taxes determined at the time of removal shall be conditioned upon the filing of such additional bonds, and upon compliance with such requirements, as the Secretary may prescribe for the protection of the revenue. The Secretary may, by regulations, require payment of tax on the basis of a return prior to removal of the cannabis products where a person defaults in the postponed payment of tax on the basis of a return under this subsection or regulations prescribed thereunder.

“(D) Administration and Penalties.—All administrative and penalty provisions of this title, insofar as applicable, shall apply to any tax imposed by section 5901.
“(2) TIME FOR PAYMENT OF TAXES.—

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

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

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

“(ii) SPECIAL RULE FOR ENTRY OF WAREHOUSING.—Except as provided in clause (iv), in the case of an entry for warehousing, the last day for payment of tax shall not be later than the 14th day after the last day of the semimonthly period during which the article is removed from the first such warehouse.
“(iii) FOREIGN TRADE ZONES.—Except as provided in clause (iv) and in regulations prescribed by the Secretary, articles brought into a foreign trade zone shall, notwithstanding any other provision of law, be treated for purposes of this subsection as if such zone were a single customs warehouse.

“(iv) EXCEPTION FOR ARTICLES DESTINED FOR EXPORT.—Clauses (ii) and (iii) shall not apply to any article which is shown to the satisfaction of the Secretary to be destined for export.

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

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

“(E) Special rule for unlawfully produced cannabis products.—In the case of any cannabis products produced in the United States at any place other than the premises of a producer that has filed the bond and obtained the permit required under this chapter, tax shall be due and payable immedi-
ately upon production.

“(3) Payment by electronic fund trans-
fer.—Any person who in any 12-month period, end-
ing December 31, was liable for a gross amount equal to or exceeding $5,000,000 in taxes imposed on cannabis products by section 5901 (or section 7652) shall pay such taxes during the succeeding calendar year by electronic fund transfer (as defined in section 5061(e)(2)) to a Federal Reserve Bank. Rules similar to the rules of section 5061(e)(3) shall apply to the $5,000,000 amount specified in the pre-
ceding sentence.
“(c) Determination of Price.—

“(1) Constructive Sale Price.—

“(A) In General.—If an article is sold directly to consumers, sold on consignment, or sold (otherwise than through an arm’s length transaction) at less than the fair market price, or if the price for which the article sold cannot be determined, the tax under section 5901(a) shall be computed on the price for which such articles are sold, in the ordinary course of trade, by producers thereof, as determined by the Secretary.

“(B) Arm’s Length.—

“(i) In General.—For purposes of this section, a sale is considered to be made under circumstances otherwise than at arm’s length if—

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

“(II) the parties are members of a family, as defined in section 267(c)(4), or
“(III) the sale is made pursuant to special arrangements between a producer and a purchaser.

“(ii) CONTROLLED GROUPS.—

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

“(II) CONTROLLED GROUPS WHICH INCLUDE NONINCORPORATED PERSONS.—Under regulations prescribed by the Secretary, principles similar to the principles of subclause (I) shall apply to a group of persons under common control where one or more of such persons is not a corporation.

“(2) CONTAINERS, PACKING AND TRANSPORTATION CHARGES.—In determining, for the purposes of this chapter, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge inci-
dent to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this chapter, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the preceding sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Secretary in accordance with regulations.

“(3) Determination of Applicable Equivalent Amounts.—Paragraphs (1) and (2) shall apply for purposes of section 5901(e) only to the extent that the Secretary determines appropriate.

“(d) Partial Payments and Installment Accounts.—

“(1) Partial payments.—In the case of—

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

“(B) a conditional sale, or

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

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

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

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

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

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

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

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

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

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

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

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

“(2) by a proprietor of a cannabis production facility in research, development, or testing (other
than consumer testing or other market analysis) of processes, systems, materials, or equipment, relating to cannabis or cannabis operations, under such limitations and conditions as to quantities, use, and accountability as the Secretary may by regulations require for the protection of the revenue, or

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

“(b) CANNABIS PRODUCTS TRANSFERRED OR REMOVED IN BOND FROM DOMESTIC FACTORIES AND EXPORT WAREHOUSES.—

“(1) IN GENERAL.—Subject to such regulations and under such bonds as the Secretary shall prescribe, a producer or export warehouse proprietor may transfer cannabis products, without payment of tax, to the bonded premises of another producer or export warehouse proprietor, or remove such articles, without payment of tax, for shipment to a foreign country or a possession of the United States, or for consumption beyond the jurisdiction of the internal revenue laws of the United States.

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

“(c) Cannabis Products Released in Bond
From Customs Custody.—Cannabis products imported
or brought into the United States may be released from
customs custody, without payment of tax, for delivery to
a producer or export warehouse proprietor if such articles
are not put up in packages, in accordance with such regu-
lations and under such bond as the Secretary shall pre-
scribe.

“(d) Cannabis Products Exported and Re-
turned.—Cannabis products classifiable under item
9801.00.10 of the Harmonized Tariff Schedule of the
United States (relating to duty on certain articles pre-
viously exported and returned), as in effect on the date
of the enactment of the Marijuana Opportunity Reinvest-
ment and Expungement Act of 2020, may be released
from customs custody, without payment of that part of
the duty attributable to the internal revenue tax for deliv-
ery to the original producer of such cannabis products or
to the export warehouse proprietor authorized by such pro-
ducer to receive such products, in accordance with such
regulations and under such bond as the Secretary shall
prescribe. Upon such release such products shall be sub-
ject to this chapter as if they had not been exported or
otherwise removed from internal revenue bond.

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

“(a) Credit or Refund.—

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

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

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

“(2) Cannabis Products Lost or De-
stroyed in Bond.—

“(A) Extent of Loss Allowance.—No
tax shall be collected in respect of cannabis
products lost or destroyed while in bond, except
that such tax shall be collected—

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

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

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

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

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

“(D) LIMITATIONS.—Except as provided in subparagraph (E), no tax shall be abated, remitted, credited, or refunded under this paragraph where the loss occurred after the tax was determined. The abatement, remission, credit, or refund of taxes provided for by subparagraphs (A) and (C) in the case of loss of cannabis products by theft shall only be allowed to the extent that the claimant is not indemnified against or recompensed in respect of the tax for such loss.

“(E) APPLICABILITY.—The provisions of this paragraph shall extend to and apply in respect of cannabis products lost after the tax was determined and before completion of the physical removal of the cannabis products from the bonded premises.

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

“(4) LIMITATION.—Any claim for credit or refund of tax under this subsection shall be filed within 6 months after the date of the withdrawal from the market, loss, or destruction of the products to which the claim relates, and shall be in such form and contain such information as the Secretary shall by regulations prescribe.

“(b) DRAWBACK OF TAX.—There shall be an allowance of drawback of tax paid on cannabis products, when shipped from the United States, in accordance with such regulations and upon the filing of such bond as the Secretary shall prescribe.

“Subchapter B—Occupational Tax

“Sec. 5911. Imposition and rate of tax.
“Sec. 5912. Payment of tax.
“Sec. 5914. Application to State laws.

“SEC. 5911. IMPOSITION AND RATE OF TAX.

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

“(b) Penalty for Failure To Register.—Any
person engaged in business as a producer or an export
warehouse proprietor who willfully fails to pay the occupa-
tion tax shall be fined not more than $5,000, or impris-
oned not more than 2 years, or both, for each such offense.

“SEC. 5912. Payment of Tax.

“(a) Condition Precedent to Carrying On
Business.—No person shall be engaged in or carry on
any trade or business subject to the occupational tax until
such person has paid such tax.

“(b) Computation.—

“(1) In General.—The occupational tax shall
be imposed—

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

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

“(2) Period.—In the case of a tax imposed
under subparagraph (A) of paragraph (1), the occupa-
tional tax shall be reckoned for 1 year, and in the
case of subparagraph (B) of such paragraph, it shall
be reckoned proportionately, from the first day of
the month in which the liability to such tax com-
menced, to and including the 30th day of June fol-
lowing.

“(c) Method of Payment.—

“(1) Payment by return.—The occupational
tax shall be paid on the basis of a return under such
regulations as the Secretary shall prescribe.

“(2) Stamp denoting payment of tax.—
After receiving a properly executed return and re-
mittance of any occupational tax, the Secretary shall
issue to the taxpayer an appropriate stamp as a re-
ceipt denoting payment of the tax. This paragraph
shall not apply in the case of a return covering li-
ability for a past period.

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

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

“(b) Different Businesses of Same Ownership
and Location.—Whenever more than one of the pursuits
or occupations described in this subchapter are carried on
in the same place by the same person at the same time,
except as otherwise provided in this subchapter, the occu-
pational tax shall be paid for each according to the rates
severally prescribed.
“(c) Businesses in More Than One Location.—

“(1) Liability for tax.—The payment of the occupational tax shall not exempt from an additional occupational tax the person carrying on a trade or business in any other place than that stated in the records of the Internal Revenue Service.

“(2) Storage.—Nothing contained in paragraph (1) shall require imposition of an occupational tax for the storage of cannabis products at a location other than the place where such products are sold or offered for sale.

“(3) Place.—

“(A) In general.—For purposes of this section, the term ‘place’ means the entire office, plant or area of the business in any one location under the same proprietorship.

“(B) Divisions.—For purposes of this paragraph, any passageways, streets, highways, rail crossings, waterways, or partitions dividing the premises shall not be deemed sufficient separation to require an additional occupational tax, if the various divisions are otherwise contiguous.

“(d) Death or Change of Location.—
“(1) IN GENERAL.—In addition to the person who has paid the occupational tax for the carrying on of any business at any place, any person described in paragraph (2) may secure the right to carry on, without incurring any additional occupational tax, the same business at the same place for the remainder of the taxable period for which the occupational tax was paid.

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

“(A) The surviving spouse or child, or executor or administrator or other legal representative, of a deceased taxpayer.

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

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

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

“(3) CHANGE OF LOCATION.—When any person moves to any place other than the place for which occupational tax was paid for the carrying on of any business, such person may secure the right to carry on, without incurring additional occupational tax,
the same business at the new location for the remainder of the taxable period for which the occupational tax was paid. To secure the right to carry on the business without incurring additional occupational tax, the successor, or the person relocating their business, must register the succession or relocation with the Secretary in accordance with regulations prescribed by the Secretary.

“(e) Federal Agencies or Instrumentalities.—Any tax imposed by this subchapter shall apply to any agency or instrumentality of the United States unless such agency or instrumentality is granted by statute a specific exemption from such tax.

“SEC. 5914. APPLICATION TO STATE LAWS.

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

“(1) exempt any person from any penalty or punishment provided by the laws of any State for carrying on such trade or business within such State, or in any manner to authorize the commencement or continuance of such trade or business contrary to the laws of such State or in places prohibited by municipal law, or
“(2) prohibit any State from placing a duty or tax on the same trade or business, for State or other purposes.

“Subchapter C—Bond and Permits

Sec. 5921. Establishment and bond.
Sec. 5922. Application for permit.
Sec. 5923. Permit.

“SEC. 5921. ESTABLISHMENT AND BOND.

“(a) Prohibition on Production Outside of Bonded Cannabis Production Facility.—

“(1) In general.—Except as authorized by the Secretary or on the bonded premises of a cannabis production facility duly authorized to produce cannabis products according to law, no cannabis product may planted, cultivated, harvested, grown, manufactured, produced, compounded, converted, processed, prepared, or packaged in any building or on any premises.

“(2) Authorized producers only.—No person other than a producer which has filed the bond required under subsection (b) and received a permit described in section 5923 may produce any cannabis product.

“(3) Personal use exception.—This subsection shall not apply with respect the activities of an individual who is not treated as a producer by reason of section 5902(b)(2)(B).
“(b) Bond.—

“(1) When Required.—Every person, before commencing business as a producer or an export warehouse proprietor, shall file such bond, conditioned upon compliance with this chapter and regulations issued thereunder, in such form, amount, and manner as the Secretary shall by regulation prescribe. A new or additional bond may be required whenever the Secretary considers such action necessary for the protection of the revenue.

“(2) Approval or Disapproval.—No person shall engage in such business until he receives notice of approval of such bond. A bond may be disapproved, upon notice to the principal on the bond, if the Secretary determines that the bond is not adequate to protect the revenue.

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

“SEC. 5922. APPLICATION FOR PERMIT.

“(a) In General.—Every person, before commencing business as a cannabis enterprise, and at such other time as the Secretary shall by regulation prescribe, shall make application for the permit provided for in sec-
tion 5923. The application shall be in such form as the Secretary shall prescribe and shall set forth, truthfully and accurately, the information called for on the form. Such application may be rejected and the permit denied if the Secretary, after notice and opportunity for hearing, finds that—

“(1) the premises on which it is proposed to conduct the cannabis enterprise are not adequate to protect the revenue, or

“(2) such person (including, in the case of a corporation, any officer, director, or principal stockholder and, in the case of a partnership, a partner)—

“(A) is, by reason of their business experience, financial standing, or trade connections or by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal or State criminal law relating to cannabis or cannabis products, not likely to maintain operations in compliance with this chapter, or

“(B) has failed to disclose any material information required or made any material false statement in the application therefor.
"SEC. 5923. PERMIT.

(a) Issuance.—A person shall not engage in business as a cannabis enterprise without a permit to engage in such business. Such permit, conditioned upon compliance with this chapter and regulations issued thereunder, shall be issued in such form and in such manner as the Secretary shall by regulation prescribe. A new permit may be required at such other time as the Secretary shall by regulation prescribe.

(b) Suspension or Revocation.—

(1) Show cause hearing.—If the Secretary has reason to believe that any person holding a permit—

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

(B) has violated the conditions of such permit,

(C) has failed to disclose any material information required or made any material false statement in the application for such permit,

(D) has failed to maintain their premises in such manner as to protect the revenue, or

(E) is, by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal or State criminal
law relating to cannabis, not likely to maintain
operations in compliance with this chapter,
the Secretary shall issue an order, stating the facts
charged, citing such person to show cause why their
permit should not be suspended or revoked.

“(2) Action following hearing.—If, after
hearing, the Secretary finds that such person has
not shown cause why their permit should not be sus-
pended or revoked, such permit shall be suspended
for such period as the Secretary deems proper or
shall be revoked.

“(c) Information reporting.—The Secretary may
require—

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

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

“(d) Inspection or disclosure of information.—For rules relating to inspection and disclosure of
returns and return information, see section 6103(o).

Subchapter D—Operations

Sec. 5931. Inventories, reports, and records.
Sec. 5932. Packaging and labeling.
Sec. 5933. Purchase, receipt, possession, or sale of cannabis products after re-

moval.
Sec. 5934. Restrictions relating to marks, labels, notices, and packages.
Sec. 5935. Restrictions on importation of previously exported cannabis prod-

ucts.
``SEC. 5931. INVENTORIES, REPORTS, AND RECORDS.
``Every cannabis enterprise shall—

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

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

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

``SEC. 5932. PACKAGING AND LABELING.
``(a) PACKAGES.—All cannabis products shall, before
removal, be put up in such packages as the Secretary shall
by regulation prescribe.

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

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

“(d) INDECENT OR IMMORAL MATERIAL PROHIBITED.—No indecent or immoral picture, print, or representation shall be contained in, attached to, or stamped, marked, written, or printed on any package of cannabis products.

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

“(1) for experimental purposes, or

“(2) transferred to the bonded premises of another producer or export warehouse proprietor or released in bond from customs custody for delivery to a producer.

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

“(a) RESTRICTION.—No person shall—

“(1) with intent to defraud the United States, purchase, receive, possess, offer for sale, or sell or otherwise dispose of, after removal, any cannabis products—
“(A) upon which the tax has not been paid
or determined in the manner and at the time
prescribed by this chapter or regulations there-
under, or

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

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

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

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

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

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

“No person shall, with intent to defraud the United States, destroy, obliterate, or detach any mark, label, or notice prescribed or authorized, by this chapter or regulations thereunder, to appear on, or be affixed to, any package of cannabis products before such package is emptied.

“SEC. 5935. RESTRICTION ON IMPORTATION OF PREVIOUSLY EXPORTED CANNABIS PRODUCTS.

“(a) Export Labeled Cannabis Products.—

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

“(A) may be transferred to or removed from the premises of a producer or an export warehouse proprietor only if such articles are being transferred or removed without tax in accordance with section 5904,
“(B) may be imported or brought into the United States, after their exportation, only if such articles either are eligible to be released from customs custody with the partial duty exemption provided in section 5904(d) or are returned to the original producer of such article as provided in section 5904(c), and

“(C) may not be sold or held for sale for domestic consumption in the United States unless such articles are removed from their export packaging and repackaged by the original producer into new packaging that does not contain an export label.

“(2) ALTERATIONS BY PERSONS OTHER THAN ORIGINAL PRODUCER.—This section shall apply to articles labeled for export even if the packaging or the appearance of such packaging to the consumer of such articles has been modified or altered by a person other than the original producer so as to remove or conceal or attempt to remove or conceal (including by the placement of a sticker over) any export label.

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

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

“Subchapter E—Penalties

“Sec. 5941. Civil penalties.
“Sec. 5942. Criminal penalties.

“Sec. 5941. Civil Penalties.

“(a) Omitting Things Required or Doing Things Forbidden.—Whoever willfully omits, neglects,
or refuses to comply with any duty imposed upon them
by this chapter, or to do, or cause to be done, any of the
things required by this chapter, or does anything prohib-
ited by this chapter, shall in addition to any other penalty
provided in this title, be liable to a penalty of $10,000,
to be recovered, with costs of suit, in a civil action, except
where a penalty under subsection (b) or (c) or under sec-
tion 6651 or 6653 or part II of subchapter A of chapter
68 may be collected from such person by assessment.

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

“(c) Sale of Cannabis or Cannabis Products
for Export.—

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

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

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

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

“(d) Applicability of Section 6665.—The pen-
alties imposed by subsections (b) and (c) shall be assessed,
collected, and paid in the same manner as taxes, as pro-
vided in section 6665(a).
“(e) Cross References.—For penalty for failure to make deposits or for overstatement of deposits, see section 6656.

“SEC. 5942. CRIMINAL PENALTIES.

“(a) Fraudulent Offenses.—Whoever, with intent to defraud the United States—

“(1) engages in business as a cannabis enterprise without filing the application and obtaining the permit where required by this chapter or regulations thereunder,

“(2) fails to keep or make any record, return, report, or inventory, or keeps or makes any false or fraudulent record, return, report, or inventory, required by this chapter or regulations thereunder,

“(3) refuses to pay any tax imposed by this chapter, or attempts in any manner to evade or defeat the tax or the payment thereof,

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

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

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

under, or

“(B) which, without payment of tax pursu-
ant to section 5904, have been diverted from
the applicable purpose or use specified in that
section,
shall, for each such offense, be fined not more than
$10,000, or imprisoned not more than 5 years, or both.

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

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

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

(2) submit to Congress recommendations to im-
prove the regulation of the industry and the admin-
istration of the related tax.
(d) Annual Reports Regarding Determination of Applicable Rates.—Not later than 6 months before the beginning of each calendar year to which section 5901(a)(2) of the Internal Revenue Code of 1986 (as added by this section) applies, the Secretary of the Treasury, or the Secretary’s delegate, shall make publicly available a detailed description of the methodology which the Secretary anticipates using to determine the applicable rate per ounce and the applicable rate per gram which will apply for such calendar year under section 5901(c)(2) of such Code.

(e) Conforming Amendments.—

(1) Section 6103(o)(1)(A) of the Internal Revenue Code of 1986 is amended by striking “and firearms” and inserting “firearms, and cannabis products”.

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

“Chapter 56. Cannabis Products”.

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

“Sec. 9512. Opportunity Trust Fund.”.

(f) Effective Date.—
(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to removals, and applications for permits under section 5922 of the Internal Revenue Code of 1986 (as added by subsection (b)), after 180 days after the date of the enactment of this Act.

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

SEC. 6. OPPORTUNITY TRUST FUND PROGRAMS.

(a) CANNABIS JUSTICE OFFICE; COMMUNITY REINVESTMENT GRANT PROGRAM.—

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

"SEC. 110. CANNABIS JUSTICE OFFICE.

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

(b) DIRECTOR.—The Cannabis Justice Office shall be headed by a Director who shall be appointed by the Assistant Attorney General for the Office of Justice Programs. The Director shall report to the Assistant Attorney
General for the Office of Justice Programs. The Director shall award grants and may enter into compacts, cooperative agreements, and contracts on behalf of the Cannabis Justice Office. The Director may not engage in any employment other than that of serving as the Director, nor may the Director hold any office in, or act in any capacity for, any organization, agency, or institution with which the Office makes any contract or other arrangement.

“(c) Employees.—

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

“(2) Initial hires.—Not later than 6 months after the date of enactment of this section, the Director shall—

“(A) hire no less than one-third of the total number of employees of the Cannabis Justice Office; and

“(B) no more than one-half of the employees assigned to the Cannabis Justice Office by term appointment that may after 2 years be converted to career appointment.
“(3) LEGAL COUNSEL.—At least one employee hired for the Cannabis Justice Office shall serve as legal counsel to the Director and shall provide counsel to the Cannabis Justice Office.

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

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

“(2) perform such other functions as the Assistant Attorney General for the Office of Justice Programs may delegate, that are consistent with the statutory obligations of this section.”.

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

“PART OO—COMMUNITY REINVESTMENT GRANT PROGRAM

“SEC. 3052. AUTHORIZATION.

“(a) IN GENERAL.—The Director of the Cannabis Justice Office shall establish and carry out a grant program, known as the ‘Community Reinvestment Grant Program’, to provide eligible entities with funds to administer services for individuals adversely impacted by the War on Drugs, including—
“(1) job training;
“(2) reentry services;
“(3) legal aid for civil and criminal cases, including expungement of cannabis convictions;
“(4) literacy programs;
“(5) youth recreation or mentoring programs;
and
“(6) health education programs.
“(b) SUBSTANCE USE DISORDER SERVICES.—The Director, in consultation with the Secretary of Health and Human Services, shall provide eligible entities with funds to administer substance use disorder services for individuals adversely impacted by the War on Drugs or connect patients with substance use disorder services. Also eligible for such services are individuals who have been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of a controlled substance other than cannabis (except for a conviction involving distribution to a minor).

“SEC. 3053. FUNDING FROM OPPORTUNITY TRUST FUND.

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

“SEC. 3054. DEFINITIONS.

“In this part:
“(1) The term ‘cannabis conviction’ means a conviction, or adjudication of juvenile delinquency, for a cannabis offense (as such term is defined in section 13 of the Marijuana Opportunity Reinvestment and Expungement Act of 2020).

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

“(3) The term ‘individuals adversely impacted by the War on Drugs’ has the meaning given that term in section 6 of the Marijuana Opportunity Reinvestment and Expungement Act of 2020’’.”.

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

(1) CANNABIS OPPORTUNITY PROGRAM.—The Administrator of the Small Business Administration shall establish and carry out a program, to be known as the “Cannabis Opportunity Program” to provide any eligible State or locality funds to make loans under section 7(m) of the Small Business Act (15 U.S.C. 363(m)) to assist small business concerns
owned and controlled by socially and economically
disadvantaged individuals, as defined in section
8(d)(3)(C) of the Small Business Act (15 U.S.C.
637(d)(3)(C)) that operate in the cannabis industry.

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

    (A) A waiver of cannabis license applica-
tion fees for individuals who have had an in-
come below 250 percent of the Federal Poverty
Level for at least 5 of the past 10 years who
are first-time applicants.

    (B) A prohibition on the denial of a can-
nabis license based on a conviction for a can-
nabis offense that took place prior to State le-
galization of cannabis or the date of enactment
of this Act, as appropriate.
(C) A prohibition on criminal conviction restrictions for licensing except with respect to a conviction related to owning and operating a business.

(D) A prohibition on cannabis license holders engaging in suspicionless cannabis drug testing of their prospective or current employees, except with respect to drug testing for safety-sensitive positions under part 40 of title 49, Code of Federal Regulations.

(E) The establishment of a cannabis licensing board that is reflective of the racial, ethnic, economic, and gender composition of the State or locality, to serve as an oversight body of the equitable licensing program.

(3) DEFINITIONS.—In this subsection:

(A) The term “individual adversely impacted by the War on Drugs” means an individual—

(i) who has had an income below 250 percent of the Federal Poverty Level for at least 5 of the past 10 years; and

(ii) has been arrested for or convicted of the sale, possession, use, manufacture, or cultivation of cannabis (except for a
conviction involving distribution to a
minor), or whose parent, sibling, spouse, or
child has been arrested for or convicted of
such an offense.

(B) The term “eligible State or locality”
means a State or locality that has taken steps
to—

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

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

(C) The term “State” means each of the
several States, the District of Columbia, Puerto
Rico, any territory or possession of the United
States, and any Indian Tribe (as defined in sec-
tion 201 of Public Law 90–294 (25 U.S.C.
1301) (commonly known as the “Indian Civil
Rights Act of 1968”)).
SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRATION PROGRAMS AND SERVICES TO CANNABIS-RELATED LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.

(a) Definitions relating to cannabis-related legitimate businesses and service providers.—

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

“(ff) Cannabis-related legitimate businesses and service providers.—In this Act:

“(1) Cannabis.—The term ‘cannabis’—

“(A) means all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin; and

“(B) does not include—

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

“(ii) the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such ma-
ture stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination; or

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

“(2) CANNABIS-RELATED LEGITIMATE BUSINESS.—The term ‘cannabis-related legitimate business’ means a manufacturer, producer, or any person or company that is a small business concern and that—

“(A) engages in any activity described in subparagraph (B) pursuant to a law established by a State or a political subdivision of a State, as determined by such State or political subdivision; and

“(B) participates in any business or organized activity that involves handling cannabis or cannabis products, including cultivating, producing, manufacturing, selling, transporting, displaying, dispensing, distributing, or purchasing cannabis or cannabis products.
“(3) SERVICE PROVIDER.—The term ‘service provider’—

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

“(i) sells goods or services to a cannabis-related legitimate business; or

“(ii) provides any business services, including the sale or lease of real or any other property, legal or other licensed services, or any other ancillary service, relating to cannabis; and

“(B) does not include a business, organization, or other person that participates in any business or organized activity that involves handling cannabis or cannabis products, including cultivating, producing, manufacturing, selling, transporting, displaying, dispensing, distributing, or purchasing cannabis or cannabis products.”.

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

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

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

“(p) SERVICES FOR CANNABIS-RELATED LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—A women’s business center may not decline to provide services to an otherwise eligible small business concern under this section solely because such concern is a cannabis-related legitimate business or service provider.”.

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

(e) VETERAN BUSINESS OUTREACH CENTERS.—Section 32 of the Small Business Act (15 U.S.C. 657b) is amended by adding at the end the following new subsection:
“(h) SERVICES FOR CANNABIS-RELATED LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—A Veteran Business Outreach Center may not decline to provide services to an otherwise eligible small business concern under this section solely because such concern is a cannabis-related legitimate business or service provider.”.

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

“(37) LOANS TO CANNABIS-RELATED LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—The Administrator may not decline to provide a guaranty for a loan under this subsection to an otherwise eligible small business concern solely because such concern is a cannabis-related legitimate business or service provider.”.

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

“(16) ASSISTANCE TO CANNABIS-RELATED LEGITIMATE BUSINESSES AND SERVICE PROVIDERS.—The Administrator may not decline to provide assistance under this subsection to an otherwise eligible borrower solely because such borrower is a cannabis-related legitimate business or service provider.”.
(h) Microloans.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end the following new paragraph:

“(14) Assistance to cannabis-related legitimate businesses and service providers.—An eligible intermediary may not decline to provide assistance under this subsection to an otherwise eligible borrower solely because such borrower is a cannabis-related legitimate business or service provider.”.

(i) State or Local Development Company Loans.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following new section:

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

“The Administrator may not decline to provide a guarantee for a loan under this title to an otherwise eligible State or local development company solely because such State or local development company provides financing to an entity that is a cannabis-related legitimate business or service provider (as defined in section 3(ff) of the Small Business Act).”.
SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FEDERAL PUBLIC BENEFIT ON THE BASIS OF CANNABIS.

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

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

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

(a) IN GENERAL.—For purposes of the immigration laws (as such term is defined in section 101 of the Immigration and Nationality Act), cannabis may not be considered a controlled substance, and an alien may not be denied any benefit or protection under the immigration laws based on any event, including conduct, a finding, an admission, addiction or abuse, an arrest, a juvenile adjudication, or a conviction, relating to cannabis, regardless of whether the event occurred before, on, or after the effective date of this Act.
(b) CANNABIS DEFINED.—The term “cannabis”—

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

(2) does not include—

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

(B) the mature stalks of such plant, fiber
produced from such stalks, oil or cake made
from the seeds of such plant, any other com-
ound, manufacture, salt, derivative, mixture,
or preparation of such mature stalks (except
the resin extracted therefrom), fiber, oil, or
cake, or the sterilized seed of such plant which
is incapable of germination; or

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

(e) CONFORMING AMENDMENTS TO IMMIGRATION
AND NATIONALITY ACT.—The Immigration and Nation-
ality Act (8 U.S.C. 1101 et seq.) is amended—
(1) in section 212(h), by striking “and subpara-
graph (A)(i)(II) of such subsection insofar as it re-
lates to a single offense of simple possession of 30
grams or less of marijuana”;

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

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

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

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

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

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

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

(a) **Expungement of Non-Violent Federal Cannabis Offense Convictions for Individuals Not Under a Criminal Justice Sentence.**—

(1) **In General.**—Not later than 1 year after the date of the enactment of this Act, each Federal district shall conduct a comprehensive review and issue an order expunging each conviction or adjudication of juvenile delinquency for a non-violent Federal cannabis offense entered by each Federal court in the district before the date of enactment of this Act and on or after May 1, 1971. Each Federal court shall also issue an order expunging any arrests associated with each expunged conviction or adjudication of juvenile delinquency.

(2) **Notification.**—To the extent practicable, each Federal district shall notify each individual whose arrest, conviction, or adjudication of delinquency has been expunged pursuant to this subsection that their arrest, conviction, or adjudication of juvenile delinquency has been expunged, and the effect of such expungement.
(3) Right to Petition Court for Expungement.—At any point after the date of enactment of this Act, any individual with a prior conviction or adjudication of juvenile delinquency for a non-violent Federal cannabis offense, who is not under a criminal justice sentence, may file a motion for expungement. If the expungement of such a conviction or adjudication of juvenile delinquency is required pursuant to this Act, the court shall expunge the conviction or adjudication, and any associated arrests. If the individual is indigent, counsel shall be appointed to represent the individual in any proceedings under this subsection.

(4) Sealed Record.—The court shall seal all records related to a conviction or adjudication of juvenile delinquency that has been expunged under this subsection. Such records may only be made available by further order of the court.

(b) Sentencing Review for Individuals Under a Criminal Justice Sentence.—

(1) In General.—For any individual who is under a criminal justice sentence for a non-violent Federal cannabis offense, the court that imposed the sentence shall, on motion of the individual, the Director of the Bureau of Prisons, the attorney for the
Government, or the court, conduct a sentencing re-
view hearing. If the individual is indigent, counsel
shall be appointed to represent the individual in any
sentencing review proceedings under this subsection.

(2) **Potential Reduced Resentencing.**—

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

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

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

(C) order that all records related to a con-
viction or adjudication of juvenile delinquency
that has been expunged or a sentence or dis-
position of juvenile delinquency that has been
vacated under this Act be sealed and only be
made available by further order of the court.
(c) Effect of Expungement.—An individual who has had an arrest, a conviction, or juvenile delinquency adjudication expunged under this section—

(1) may treat the arrest, conviction, or adjudication as if it never occurred; and

(2) shall be immune from any civil or criminal penalties related to perjury, false swearing, or false statements, for a failure to disclose such arrest, conviction, or adjudication.

(d) Exception.—An individual who at sentencing received an aggravating role adjustment pursuant to United States Sentencing Guideline 3B1.1(a) in relation to a Federal cannabis offense conviction shall not be eligible for expungement of that Federal cannabis offense conviction under this section.

(e) Definitions.—In this section:

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

(2) The term “expunge” means, with respect to an arrest, a conviction, or a juvenile delinquency adjudication, the removal of the record of such arrest, conviction, or adjudication from each official index or public record.
(3) The term “under a criminal justice sentence” means, with respect to an individual, that the individual is serving a term of probation, parole, supervised release, imprisonment, official detention, pre-release custody, or work release, pursuant to a sentence or disposition of juvenile delinquency imposed on or after the effective date of the Controlled Substances Act (May 1, 1971).

(f) STUDY.—The Comptroller General of the United States, in consultation with the Secretary of Health and Human Services, shall conduct a demographic study of individuals convicted of a Federal cannabis offense. Such study shall include information about the age, race, ethnicity, sex, and gender identity of those individuals, the type of community such users dwell in, and such other demographic information as the Comptroller General determines should be included.

(g) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall report to Congress the results of the study conducted under subsection (f).
SEC. 11. REFERENCES IN EXISTING LAW TO MARIJUANA OR MARIHUANA.

Wherever, in the statutes of the United States or in the rulings, regulations, or interpretations of various administrative bureaus and agencies of the United States—

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

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

SEC. 12. SEVERABILITY.

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

SEC. 13. CANNABIS OFFENSE DEFINED.

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

(1) that, under Federal law, is no longer punishable pursuant to this Act or the amendments made under this Act; or
(2) that, under State law, is no longer an offense or that was designated a lesser offense or for which the penalty was reduced under State law pursuant to or following the adoption of a State law authorizing the sale or use of cannabis.

SEC. 14. RULEMAKING.

Unless otherwise provided in this Act, not later than 1 year after the date of enactment of this Act, the Department of the Treasury, the Department of Justice, and the Small Business Administration shall issue or amend any rules, standard operating procedures, and other legal or policy guidance necessary to carry out implementation of this Act. After the 1-year period, any publicly issued sub-regulatory guidance, including any compliance guides, manuals, advisories and notices, may not be issued without 60-day notice to appropriate congressional committees. Notice shall include a description and justification for additional guidance.

SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION STUDY.

The Comptroller General of the United States shall, not later than 2 years after the date of enactment of this Act, provide to Congress a study that addresses the societal impact of the legalization of recreational cannabis by States, including—
(1) sick days reported to employers;
(2) workers compensations claims;
(3) tax revenue remitted to States resulting from legal marijuana sales;
(4) changes in government spending related to enforcement actions and court proceedings;
(5) Federal welfare assistance applications;
(6) rate of arrests related to methamphetamine possession;
(7) hospitalization rates related to methamphetamine and narcotics use;
(8) uses of marijuana and its byproducts for medical purposes;
(9) uses of marijuana and its byproducts for purposes relating to the health, including the mental health, of veterans;
(10) arrest rates of individuals driving under the influence or driving while intoxicated by marijuana;
(11) traffic-related deaths and injuries where the driver is impaired by marijuana;
(12) arrest of minors for marijuana-related charges;
(13) violent crime rates;
(14) school suspensions, expulsions, and law enforcement referrals that are marijuana-related;

(15) high school dropout rates;

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

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

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

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

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

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


Attest: CHERYL L. JOHNSON,

Clerk.