Union Calendar No. 497 H.R. 3884

116TH CONGRESS 2D Session

U.S. GOVERNMENT

[Report No. 116-604, Part I]

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

IN THE HOUSE OF REPRESENTATIVES

JULY 23, 2019

Mr. NADLER (for himself, Ms. LEE of California, Mr. BLUMENAUER, Mr. JEFFRIES, Ms. VELÁZQUEZ, Mr. GAETZ, Mr. CICILLINE, Mr. COHEN, Mr. CORREA, Ms. DEAN, Mr. DEUTCH, Ms. ESCOBAR, Ms. JACKSON LEE, Ms. JAYAPAL, Mr. JOHNSON of Georgia, Mr. TED LIEU of California, Ms. LOFGREN, Mr. RASKIN, Mr. SWALWELL of California, Mr. EVANS, Ms. GABBARD, Ms. HAALAND, Mr. HUFFMAN, Mr. KHANNA, Mr. MCGOVERN, Ms. NORTON, Mr. PERLMUTTER, Ms. PRESSLEY, Ms. WATERS, and Mrs. WATSON COLEMAN) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committees on Energy and Commerce, Agriculture, Education and Labor, Ways and Means, Small Business, Natural Resources, and Oversight and Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

NOVEMBER 27, 2020

Additional sponsors: Ms. SCANLON, Mr. HORSFORD, Ms. SCHAKOWSKY, Mr. DEFAZIO, Mrs. LURIA, Mr. NEGUSE, Mr. ESPAILLAT, Mr. GALLEGO, Mr. GRIJALVA, Mr. POCAN, Mr. LUJÁN, Ms. PINGREE, Ms. TITUS, Mr. MORELLE, Mr. MEEKS, Mr. CARBAJAL, Ms. TLAIB, Mr. RUSH, Mr. CLAY, Mr. HECK, Mr. GARCÍA Of Illinois, Mr. CÁRDENAS, Mr. DANNY K. DAVIS Of Illinois, Ms. DELBENE, Mr. SHERMAN, Mr. SOTO, Mr. LEVIN of Michigan, Mr. HASTINGS, Ms. KELLY of Illinois, Ms. WILSON OF Florida, Mr. DOGGETT, Mr. THOMPSON OF Mississippi, Mr. BEYER, Ms. FUDGE, Mr. BRENDAN F. BOYLE OF Pennsylvania, Mr. LOWENTHAL, Mr. FOSTER, Mr. KENNEDY, Ms. MENG, Ms. DEGETTE, Mr. PANETTA, Mrs. LAWRENCE, Mr. ENGEL, Mr. TRONE, Mr. MICHAEL F. DOYLE OF Penn-

sylvania, Ms. CRAIG, Miss RICE of New York, Ms. CLARKE of New York, Ms. BLUNT ROCHESTER, Mr. PHILLIPS, Ms. PORTER, Ms. CLARK of Massachusetts, Ms. OMAR, Mr. WELCH, Mr. COX of California, Ms. SPEIER, Mrs. KIRKPATRICK, Mr. PAYNE, Mr. LARSON of Connecticut, Mrs. HAYES, Mr. BROWN of Maryland, Mr. COURTNEY, Mrs. CAROLYN B. MALONEY of New York, Mrs. TRAHAN, Mr. MOULTON, Mr. CRIST, Mr. GONZALEZ of Texas, Mr. YARMUTH, Mr. KILDEE, Mr. SCOTT of Virginia, Mr. LEVIN of California, Mr. CONNOLLY, Mr. PRICE of North Carolina, Mr. GOMEZ, Ms. DAVIDS of Kansas, Ms. OCASIO-CORTEZ, Mrs. TORRES of California, Mr. DAVID SCOTT of Georgia, Ms. BROWNLEY of California, Mr. SAN NICOLAS, Ms. CASTOR of Florida, Mr. CROW, Ms. BONAMICI, Mr. CASTRO of Texas, Ms. DELAURO, Mr. TAKANO, Mr. AGUILAR, Ms. ADAMS, Ms. MCCOLLUM, Mr. VEASEY, and Mr. BUTTERFIELD

NOVEMBER 27, 2020

Reported from the Committee on the Judiciary with an amendment

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

NOVEMBER 27, 2020

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

[For text of introduced bill, see copy of bill as introduced on July 23, 2019]

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. Be it enacted by the Senate and House of Representa tives of the United States of America in Congress assembled,
 SECTION 1. SHORT TITLE.
 This Act may be cited as the "Marijuana Opportunity

This Act may be cited as the Marijuana Opportunity
Reinvestment and Expungement Act of 2019" or the
"MORE Act of 2019".

7 SEC. 2. FINDINGS.

8 The Congress finds as follows:

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

(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) 33 States, the District of Columbia, Puerto
Rico, and Guam have adopted laws allowing legal access to cannabis, and 11 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.

1	(5) Legal cannabis sales totaled \$9.5 billion in
2	2017 and are projected to reach \$23 billion by 2022.
3	(6) According to the American Civil Liberties
4	Union (ACLU), enforcing cannabis prohibition laws
5	costs taxpayers approximately \$3.6 billion a year.
6	(7) The continued enforcement of cannabis prohi-
7	bition laws results in over 600,000 arrests annually,
8	disproportionately impacting people of color who are
9	almost 4 times more likely to be arrested for cannabis
10	possession than their White counterparts, despite
11	equal rates of use across populations.
12	(8) People of color have been historically targeted
13	by discriminatory sentencing practices resulting in
14	Black men receiving drug sentences that are 13.1 per-
15	cent longer than sentences imposed for White men and
16	Latinos being nearly 6.5 times more likely to receive
17	a Federal sentence for cannabis possession than non-
18	Hispanic Whites.
19	(9) In 2013, simple cannabis possession was the
20	fourth most common cause of deportation for any of-
21	fense and the most common cause of deportation for
22	drug law violations.
23	(10) Fewer than one-fifth of cannabis business
24	owners identify as minorities and only approximately
25	4 percent are black.

1	(11) Applicants for cannabis licenses are limited
2	by numerous laws, regulations, and exorbitant permit
3	applications, licensing fees, and costs in these States,
4	which can require more than \$700,000.
5	(12) Historically disproportionate arrest and
6	conviction rates make it particularly difficult for peo-
7	ple of color to enter the legal cannabis marketplace,
8	as most States bar these individuals from partici-
9	pating.
10	(13) Federal law severely limits access to loans
11	and capital for cannabis businesses, disproportion-
12	ately impacting minority small business owners.
13	(14) Some States and municipalities have taken
14	proactive steps to mitigate inequalities in the legal
15	cannabis marketplace and ensure equal participation
16	in the industry.
17	SEC. 3. DECRIMINALIZATION OF CANNABIS.
18	(a) CANNABIS REMOVED FROM SCHEDULE OF CON-
19	TROLLED SUBSTANCES.—
20	(1) Removal in statute.—Subsection (c) of
21	schedule I of section $202(c)$ of the Controlled Sub-
22	stances Act (21 U.S.C. 812) is amended—
23	(A) by striking "(10) Marihuana."; and
24	(B) by striking ``(17)
25	Tetrahydrocannabinols, except for

tetrahydrocannabinols in hemp (as defined in 2 section 297A of the Agricultural Marketing Act of 1946).". 3

4 (2) Removal from schedule.—Not later than 5 180 days after the date of the enactment of this Act, 6 the Attorney General shall finalize a rulemaking 7 under section 201(a)(2) removing marihuana and 8 tetrahydrocannabinols from the schedules of controlled 9 substances. Marihuana and tetrahydrocannabinols 10 shall each be deemed to be a drug or other substance 11 that does not meet the requirements for inclusion in 12 any schedule. A rulemaking under this paragraph 13 shall be considered to have taken effect as of the date 14 of enactment of this Act for purposes of any offense 15 committed, case pending, conviction entered, and, in 16 the case of a juvenile, any offense committed, case 17 pending, and adjudication of juvenile delinquency en-18 tered before, on, or after the date of enactment of this 19 Act.

20 (b) Conforming Amendments to Controlled Sub-21 STANCES ACT.—The Controlled Substances Act (21 U.S.C. 22 801 et seq.) is amended—

23 (1) in section 102(44) (21 U.S.C. 802(44)), by striking "marihuana.": 24

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

1

	uph (1)—
2 (i) in sub	paragraph (A)—
3 (I) (I	in clause (vi), by inserting
4 "or" after	the semicolon;
5 (II)	by striking clause (vii); and
6 (III)	by redesignating clause
7 (viii) as c	lause (vii);
8 (ii) in sub	pparagraph (B)—
9 (I) (I	in clause (vi), by inserting
10 "or" after	the semicolon;
11 <i>(II)</i>	by striking clause (vii); and
12 <i>(III)</i>	by redesignating clause
13 (viii) as c	lause (vii);
14 <i>(iii) in set</i>	ubparagraph (C), in the first
15 sentence, by s	triking "subparagraphs (A),
16 (B), and (D)	" and inserting "subpara-
17 graphs (A) and	l (B)";
18 <i>(iv) by str</i>	riking subparagraph (D);
19 (v) by red	lesignating subparagraph (E)
20 as subparagrap	oh (D); and
21 (vi) in su	ubparagraph (D)(i), as so re-
22 designated, by	striking "subparagraphs (C)
23 and (D)" ar	nd inserting "subparagraph
24 <i>(C)</i> ";	
25 (B) by striking	paragraph (4); and

1	(C) by redesignating paragraphs (5), (6),
2	and (7) as paragraphs (4), (5), and (6), respec-
3	tively;
4	(3) in section $402(c)(2)(B)$ (21 U.S.C.
5	842(c)(2)(B)), by striking ", marihuana,";
6	(4) in section $403(d)(1)$ (21 U.S.C. $843(d)(1)$),
7	by striking ", marihuana,";
8	(5) in section 418(a) (21 U.S.C. 859(a)), by
9	striking the last sentence;
10	(6) in section 419(a) (21 U.S.C. 860(a)), by
11	striking the last sentence;
12	(7) in section 422(d) (21 U.S.C. 863(d))—
13	(A) in the matter preceding paragraph (1),
14	by striking "marijuana,"; and
15	(B) in paragraph (5), by striking ", such as
16	a marihuana cigarette,"; and
17	(8) in section 516(d) (21 U.S.C. 886(d)), by
18	striking "section $401(b)(6)$ " each place the term ap-
19	pears and inserting "section 401(b)(5)".
20	(c) Other Conforming Amendments.—
21	(1) NATIONAL FOREST SYSTEM DRUG CONTROL
22	ACT OF 1986.—The National Forest System Drug Con-
23	trol Act of 1986 (16 U.S.C. 559b et seq.) is amend-
24	ed—

	0
1	(A) in section 15002(a) (16 U.S.C. 559b(a))
2	by striking "marijuana and other";
3	(B) in section 15003(2) (16 U.S.C. 559c(2))
4	by striking "marijuana and other"; and
5	(C) in section 15004(2) (16 U.S.C. 559d(2))
6	by striking "marijuana and other".
7	(2) INTERCEPTION OF COMMUNICATIONS.—Sec-
8	tion 2516 of title 18, United States Code, is amend-
9	ed—
10	(A) in subsection (1)(e), by striking "mari-
11	huana,"; and
12	(B) in subsection (2) by striking "mari-
13	huana".
14	(d) RETROACTIVITY.—The amendments made by this
15	section to the Controlled Substances Act (21 U.S.C. 801 et
16	seq.) are retroactive and shall apply to any offense com-
17	mitted, case pending, conviction entered, and, in the case
18	of a juvenile, any offense committed, case pending, or adju-
19	dication of juvenile delinquency entered before, on, or after
20	the date of enactment of this Act.
21	SEC. 4. DEMOGRAPHIC DATA OF CANNABIS BUSINESS OWN-
22	ERS AND EMPLOYEES.
23	(a) IN GENERAL.—The Bureau of Labor Statistics
24	shall regularly compile, maintain, and make public data
25	on the demographics of—

1	(1) individuals who are business owners in the
2	cannabis industry; and
3	(2) individuals who are employed in the can-
4	nabis industry.
5	(b) DEMOGRAPHIC DATA.—The data collected under
6	subsection (a) shall include data regarding—
7	(1) age;
8	(2) certifications and licenses;
9	(3) disability status;
10	(4) educational attainment;
11	(5) family and marital status;
12	(6) nativity;
13	(7) race and Hispanic ethnicity;
14	(8) school enrollment;
15	(9) veteran status; and
16	(10) sex.
17	(c) CONFIDENTIALITY.—The name, address, and other
18	identifying information of individuals employed in the can-
19	nabis industry shall be kept confidential by the Bureau and
20	not be made available to the public.
21	(d) DEFINITIONS.—In this section:
22	(1) CANNABIS.—The term "cannabis" means ei-
23	ther marijuana or cannabis as defined under the
24	State law authorizing the sale or use of cannabis in
25	which the individual or entity is located.

1	(2) CANNABIS INDUSTRY.—The term "cannabis
2	industry" means an individual or entity that is li-
3	censed or permitted under a State or local law to en-
4	gage in commercial cannabis-related activity.
5	(3) OWNER.—The term "owner" means an indi-
6	vidual or entity that is defined as an owner under the
7	State or local law where the individual or business is
8	licensed or permitted.
9	SEC. 5. CREATION OF OPPORTUNITY TRUST FUND AND IM-
10	POSITION OF TAX ON CANNABIS PRODUCTS.
11	(a) Trust Fund.—
12	(1) Establishment.—Subchapter A of chapter
13	98 of the Internal Revenue Code of 1986 is amended
14	by adding at the end the following new section:
15	"SEC. 9512. OPPORTUNITY TRUST FUND.
16	"(a) CREATION OF TRUST FUND.—There is established
17	in the Treasury of the United States a trust fund to be
18	known as the 'Opportunity Trust Fund' (referred to in this
19	section as the 'Trust Fund'), consisting of such amounts as
20	may be appropriated or credited to such fund as provided
21	in this section or section 9602(b).
22	"(b) TRANSFERS TO TRUST FUND.—There are hereby
23	appropriated to the Trust Fund amounts equivalent to the
24	net revenues received in the Treasury from the tax imposed
25	by section 5701(h).

1	"(c) EXPENDITURES.—Amounts in the Trust Fund
2	shall be available, without further appropriation, only as
3	follows:
4	"(1) 50 percent to the Attorney General to carry
5	out section 3052(a) of part OO of the Omnibus Crime
6	Control and Safe Streets Act of 1968.
7	"(2) 10 percent to the Attorney General to carry
8	out section 3052(b) of part OO of the Omnibus Crime
9	Control and Safe Streets Act of 1968.
10	"(3) 20 percent to the Administrator of the
11	Small Business Administration to carry out section
12	6(b)(1) of the Marijuana Opportunity Reinvestment
13	and Expungement Act of 2019.
14	"(4) 20 percent to the Administrator of the
15	Small Business Administration to carry out section
16	6(b)(2) of the Marijuana Opportunity Reinvestment
17	and Expungement Act of 2019.".
18	(2) CLERICAL AMENDMENT.—The table of sec-
19	tions for subchapter A of chapter 98 of such Code is
20	amended by adding at the end the following new item:
	"Sec. 9512. Opportunity trust fund.".
21	(b) Imposition of Tax.—
22	(1) IN GENERAL.—Section 5701 of the Internal
23	Revenue Code of 1986 is amended by redesignating
24	subsection (h) as subsection (i) and by inserting after
25	subsection (g) the following new subsection:

"(h) CANNABIS PRODUCTS.—On cannabis products,
 manufactured in or imported into the United States, there
 shall be imposed a tax equal to 5 percent of the price for
 which sold.".
 (2) CANNABIS PRODUCT DEFINED.—Section 5702

6 of such Code is amended by adding at the end the fol7 lowing new subsection:

8 "(q) CANNABIS PRODUCT.—

9 "(1) IN GENERAL.—Except as provided in para-10 graph (2), the term 'cannabis product' means any 11 cannabis or any article which contains cannabis or 12 any derivative thereof.

13 "(2) EXCEPTION.—The term 'cannabis product'
14 shall not include any medicine or drug that is a pre15 scribed drug (as such term is defined in section
16 213(d)(3)).

17 "(3) 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

24 "(B) does not include—

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

4	"(ii) the mature stalks of such plant,
5	fiber produced from such stalks, oil or cake
6	made from the seeds of such plant, any
7	other compound, manufacture, salt, deriva-
8	tive, mixture, or preparation of such ma-
9	ture stalks (except the resin extracted there-
10	from), fiber, oil, or cake, or the sterilized
11	seed of such plant which is incapable of ger-
12	mination.".
13	(3) CANNABIS PRODUCTS TREATED AS TOBACCO

13 (3) CANNABLS PRODUCTS TREATED AS TOBACCO
14 PRODUCTS.—Section 5702(c) of such Code is amended
15 by striking "and roll-your-own tobacco" and inserting
16 "roll-your-own tobacco, and cannabis products".

17 (4) MANUFACTURER OF CANNABIS PRODUCTS
18 TREATED AS MANUFACTURER OF TOBACCO PROD19 UCTS.—Section 5702 of such Code is amended by
20 adding at the end the following new subsection:

21 "(r) MANUFACTURER OF CANNABIS PRODUCTS.—

"(1) IN GENERAL.—Any person who plants, cultivates, harvests, produces, manufactures, compounds,
converts, processes, prepares, or packages any cannabis product shall be treated as a manufacturer of

cannabis products (and as manufacturing such can-
nabis product).
"(2) EXCEPTION.—Paragraph (1) shall not
apply with respect to any cannabis product which is
for such person's own personal consumption or use.
"(3) Application of rules related to manu-
FACTURERS OF TOBACCO PRODUCTS.—Any reference
to a manufacturer of tobacco products, or to manufac-
turing tobacco products, shall be treated as including
a reference to a manufacturer of cannabis products,
or to manufacturing cannabis products, respec-
tively.".
(5) Application of certain rules for de-
TERMINING PRICE.—Section 5702(l) of such Code is
amended—
(A) by striking "section $5701(a)(2)$ " and
inserting "subsections $(a)(2)$ and (h) of section
5701"; and
(B) by inserting "AND CANNABIS PROD-
UCTS" after "CIGARS" in the heading thereof.
(6) Conforming Amendment.—Section 5702(j)
of such Code is amended by adding at the end the fol-
lowing new sentence: "In the case of a cannabis prod-
uct, the previous sentence shall be applied by sub-
stituting 'from a facility of a manufacturer required

1	to file a bond under section 5711' for 'from the fac-
2	tory or from internal revenue bond under section
3	5704'.".
4	(c) Effective Date.—
5	(1) IN GENERAL.—Except as otherwise provided
6	in this subsection, the amendments made by this sec-
7	tion shall apply to articles manufactured or imported
8	in calendar quarters beginning more than one year
9	after the date of the enactment of this Act.
10	(2) TRUST FUND.—The amendments made by
11	subsection (a) shall take effect on the date of the en-
12	actment of this Act.
13	SEC. 6. OPPORTUNITY TRUST FUND PROGRAMS.
14	(a) CANNABIS JUSTICE OFFICE; COMMUNITY REIN-
15	vestment Grant Program.—
16	(1) CANNABIS JUSTICE OFFICE.—Part A of title
17	I of the Omnibus Crime Control and Safe Streets Act
18	of 1968 (34 U.S.C. 10101 et seq.) is amended by in-
19	serting after section 109 the following:
20	"SEC. 110. CANNABIS JUSTICE OFFICE.
21	"(a) ESTABLISHMENT.—There is established within
22	the Office of Justice Programs a Cannabis Justice Office.
23	"(b) Director.—The Cannabis Justice Office shall be
24	headed by a Director who shall be appointed by the Assist-
25	ant Attorney General for the Office of Justice Programs.

1 The Director shall report to the Assistant Attorney General for the Office of Justice Programs. The Director shall award 2 grants and may enter into compacts, cooperative agree-3 4 ments, and contracts on behalf of the Cannabis Justice Of-5 fice. The Director may not engage in any employment other than that of serving as the Director, nor may the Director 6 7 hold any office in, or act in any capacity for, any organiza-8 tion, agency, or institution with which the Office makes any 9 contract or other arrangement.

10 "(c) *EMPLOYEE8*.—

"(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.

16 "(2) INITIAL HIRES.—Not later than 6 months
17 after the date of enactment of this section, the Direc18 tor shall—

19"(A) hire no less than one-third of the total20number of employees of the Cannabis Justice Of-21fice; 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.

1	"(3) Legal counsel.—At least one employee
2	hired for the Cannabis Justice Office shall serve as
3	legal counsel to the Director and shall provide counsel
4	to the Cannabis Justice Office.
5	"(d) DUTIES AND FUNCTIONS.—The Cannabis Justice
6	Office is authorized to—
7	"(1) administer the Community Reinvestment
8	Grant Program; and
9	"(2) perform such other functions as the Assist-
10	ant Attorney General for the Office of Justice Pro-
11	grams may delegate, that are consistent with the stat-
12	utory obligations of this section.".
13	(2) Community reinvestment grant pro-
14	GRAM.—Title I of the Omnibus Crime Control and
15	Safe Streets Act of 1968 (34 U.S.C. et seq.) is amend-
16	ed by adding at the end the following:
17	"PART OO—COMMUNITY REINVESTMENT GRANT
18	PROGRAM
19	"SEC. 3052. AUTHORIZATION.
20	"(a) IN GENERAL.—The Director of the Cannabis Jus-
21	tice Office shall establish and carry out a grant program,
22	known as the 'Community Reinvestment Grant Program',
23	to provide eligible entities with funds to administer services
24	for individuals most adversely impacted by the War on
25	Drugs, including—

1	"(1) job training;
2	"(2) reentry services;
3	"(3) legal aid for civil and criminal cases, in-
4	cluding expungement of cannabis convictions;
5	"(4) literacy programs;
6	"(5) youth recreation or mentoring programs;
7	"(6) health education programs; and
8	"(7) services to address any collateral con-
9	sequences that individuals or communities face as a
10	result of the War on Drugs.
11	"(b) SUBSTANCE USE TREATMENT SERVICES.—The
12	Community Reinvestment Grant Program established in
13	subsection (a) shall provide eligible entities with funds to
14	administer substance use treatment services for individuals
15	most adversely impacted by the War on Drugs.
16	"SEC. 3053. FUNDING FROM OPPORTUNITY TRUST FUND.
17	"The Director shall carry out the program under this
18	part using funds made available under section $9512(c)(1)$
19	and (2) of the Internal Revenue Code.
20	"SEC. 3054. DEFINITIONS.
21	"In this part:
22	"(1) The term 'cannabis conviction' means a
23	conviction, or adjudication of juvenile delinquency,
24	for a cannabis offense (as such term is defined in sec-

19

3 "(2) The term 'substance use treatment' means 4 an evidence-based, professionally directed, deliberate, 5 and planned regimen including evaluation, observa-6 tion, medical monitoring, harm reduction, and reha-7 bilitative services and interventions such as8 pharmacotherapy, mental health services, and indi-9 vidual and group counseling, on an inpatient or out-10 patient basis, to help patients with substance use dis-11 order reach remission and maintain recovery.

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

"(4) The term 'individuals most 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 2019.".

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

1	(1) CANNABIS OPPORTUNITY PROGRAM.—The Ad-
2	ministrator of the Small Business Administration
3	shall establish and carry out a program, to be known
4	as the "Cannabis Opportunity Program" to provide
5	any eligible State or locality funds to make loans
6	under section $7(m)$ of the Small Business Act (15
7	U.S.C. $363(m)$) to assist small business concerns
8	owned and controlled by socially and economically
9	disadvantaged individuals, as defined in section
10	8(d)(3)(C) of the Small Business Act (15 U.S.C.
11	637(d)(3)(C)) that operate in the cannabis industry.
12	(2) Equitable licensing grant program.—
13	The Administrator of the Small Business Administra-
14	tion shall establish and carry out a grant program,
15	to be known as the "Equitable Licensing Grant Pro-
16	gram", to provide any eligible State of locality funds
17	to develop and implement equitable cannabis licens-
18	ing programs that minimize barriers to cannabis li-
19	censing and employment for individuals most ad-
20	versely impacted by the War on Drugs, provided that
21	each grantee includes in its cannabis licensing pro-
22	gram at least four of the following:
23	(A) A waiver of cannabis license applica-
24	tion fees for individuals who have had an income
25	below 250 percent of the Federal Poverty Level

1	for at least 5 of the past 10 years who are first-
2	time applicants.
3	(B) A prohibition on the denial of a can-
4	nabis license based on a conviction for a can-
5	nabis offense that took place prior to State legal-
6	ization of cannabis or the date of enactment of
7	this Act, as appropriate.
8	(C) A prohibition on criminal conviction
9	restrictions for licensing except with respect to a
10	conviction related to owning and operating a
11	business.
12	(D) A prohibition on cannabis license hold-
13	ers engaging in suspicionless cannabis drug test-
14	ing of their prospective or current employees, ex-
15	cept with respect to drug testing for safety-sen-
16	sitive positions, as defined under the Omnibus
17	Transportation Testing Act of 1991.
18	(E) The establishment of a cannabis licens-
19	ing board that is reflective of the racial, ethnic,
20	economic, and gender composition of the State or
21	locality, to serve as an oversight body of the equi-
22	table licensing program.
23	(3) DEFINITIONS.—In this subsection:

1	(A) The term "individual most adversely
2	impacted by the War on Drugs" means an indi-
3	vidual—
4	(i) who has had an income below 250
5	percent of the Federal Poverty Level for at
6	least 5 of the past 10 years; and
7	(ii) has been arrested for or convicted
8	of the sale, possession, use, manufacture, or
9	cultivation of cannabis or a controlled sub-
10	stance (except for a conviction involving
11	distribution to a minor), or whose parent,
12	sibling, spouse, or child has been arrested
13	for or convicted of such an offense.
14	(B) The term "eligible State or locality"
15	means a State or locality that has taken steps
16	to—
17	(i) create an automatic process, at no
18	cost to the individual, for the expungement,
19	destruction, or sealing of criminal records
20	for cannabis offenses; and
21	(ii) eliminate violations or other pen-
22	alties for persons under parole, probation,
23	pre-trial, or other State or local criminal
24	supervision for a cannabis offense.

1	(C) The term "State" means each of the sev-
2	eral States, the District of Columbia, Puerto
3	Rico, any territory or possession of the United
4	States, and any Indian Tribe (as defined in sec-
5	tion 201 of Public Law 90–294 (25 U.S.C. 1301)
6	(commonly known as the "Indian Civil Rights
7	Act of 1968")).
8	SEC. 7. AVAILABILITY OF SMALL BUSINESS ADMINISTRA-
9	TION PROGRAMS AND SERVICES TO CAN-
10	NABIS-RELATED LEGITIMATE BUSINESSES
11	AND SERVICE PROVIDERS.
12	(a) Definitions Relating to Cannabis-Related
13	Legitimate Businesses and Service Providers.—Sec-
14	tion 3 of the Small Business Act (15 U.S.C. 632) is amend-
15	ed by adding at the end the following new subsection:
16	"(ff) Cannabis-Related Legitimate Businesses
17	AND SERVICE PROVIDERS.—In this Act:
18	"(1) CANNABIS.—The term 'cannabis'—
19	"(A) means all parts of the plant Cannabis
20	sativa L., whether growing or not; the seeds
21	thereof; the resin extracted from any part of such
22	plant; and every compound, manufacture, salt,
23	derivative, mixture, or preparation of such
24	plant, its seeds or resin; and
25	"(B) does not include—

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

4	"(ii) the mature stalks of such plant,
5	fiber produced from such stalks, oil or cake
6	made from the seeds of such plant, any
7	other compound, manufacture, salt, deriva-
8	tive, mixture, or preparation of such ma-
9	ture stalks (except the resin extracted there-
10	from), fiber, oil, or cake, or the sterilized
11	seed of such plant which is incapable of ger-
12	mination.

13 "(2) CANNABIS-RELATED LEGITIMATE BUSI14 NESS.—The term 'cannabis-related legitimate busi15 ness' means a manufacturer, producer, or any person
16 or company that is a small business concern and
17 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 sub-division; and

23 "(B) participates in any business or orga24 nized activity that involves handling cannabis or
25 cannabis products, including cultivating, pro-

1	ducing, manufacturing, selling, transporting,
2	displaying, dispensing, distributing, or pur-
3	chasing cannabis or cannabis products.
4	"(3) Service provider.—The term 'service pro-
5	vider'—
6	"(A) means a business, organization, or
7	other person that—
8	"(i) sells goods or services to a can-
9	nabis-related legitimate business; or
10	"(ii) provides any business services, in-
11	cluding the sale or lease of real or any other
12	property, legal or other licensed services, or
13	any other ancillary service, relating to can-
14	nabis; and
15	"(B) does not include a business, organiza-
16	tion, or other person that participates in any
17	business or organized activity that involves han-
18	dling cannabis or cannabis products, including
19	cultivating, producing, manufacturing, selling,
20	transporting, displaying, dispensing, distrib-
21	uting, or purchasing cannabis or cannabis prod-
22	ucts.".
23	(b) Small Business Development Centers.—Sec-
24	tion 21(c) of the Small Business Act (15 U.S.C. 648(c)) is
25	amended by adding at the end the following new paragraph:

"(9) SERVICES FOR CANNABIS-RELATED LEGITI MATE 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.".

8 (c) WOMEN'S BUSINESS CENTERS.—Section 29 of the
9 Small Business Act (15 U.S.C. 656) is amended by adding
10 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 cannabisrelated legitimate business or service provider.".

1 (e) Veteran Business Outreach Centers.—Sec-2 tion 32 of the Small Business Act (15 U.S.C. 657b) is amended by adding at the end the following new subsection: 3 "(h) Services for Cannabis-Related Legitimate 4 BUSINESSES AND SERVICE PROVIDERS.—A Veteran Busi-5 ness Outreach Center may not decline to provide services 6 to an otherwise eligible small business concern under this 7 8 section solely because such concern is a cannabis-related le-9 gitimate 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:

"(36) LOANS TO CANNABIS-RELATED LEGITIMATE
BUSINESSES AND SERVICE PROVIDERS.—The Administrator may not decline to provide a guarantee 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.".

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

23 "(16) ASSISTANCE TO CANNABIS-RELATED LE24 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—
25 The Administrator may not decline to provide assist-

1 ance under this subsection to an otherwise eligible 2 borrower solely because such borrower is a cannabisrelated legitimate business or service provider.". 3 4 (h) MICROLOANS.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended by adding at the end 5 6 the following new paragraph: 7 "(14) Assistance to cannabis-related le-8 GITIMATE BUSINESSES AND SERVICE PROVIDERS.—An 9 eligible intermediary may not decline to provide as-10 sistance under this subsection to an otherwise eligible 11 borrower solely because such borrower is a cannabis-12 related legitimate business or service provider.".

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

17 "SEC. 511. LOANS TO CANNABIS-RELATED LEGITIMATE18BUSINESSES AND SERVICE PROVIDERS.

19 "The Administrator may not decline to provide a
20 guarantee for a loan under this title to an otherwise eligible
21 State or local development company solely because such
22 State or local development company provides financing to
23 an entity that is a cannabis-related legitimate business or
24 service provider (as defined in section 3(ff) of the Small
25 Business Act).".

1SEC. 8. NO DISCRIMINATION IN THE PROVISION OF A FED-2ERAL PUBLIC BENEFIT ON THE BASIS OF3CANNABIS.

4 (a) IN GENERAL.—No person may be denied any Fed5 eral public benefit (as such term is defined in section 401(c)
6 of the Personal Responsibility and Work Opportunity Rec7 onciliation Act of 1996 (8 U.S.C. 1611(c))) on the basis
8 of any use or possession of cannabis, or on the basis of a
9 conviction or adjudication of juvenile delinquency for a
10 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.

15 SEC. 9. NO ADVERSE EFFECT FOR PURPOSES OF THE IMMI16 GRATION LAWS.

17 (a) IN GENERAL.—For purposes of the immigration laws (as such term is defined in section 101 of the Immigra-18 19 tion and Nationality Act), cannabis may not be considered a controlled substance, and an alien may not be denied any 20 benefit or protection under the immigration laws based on 21 22 any event, including conduct, a finding, an admission, ad-23 diction or abuse, an arrest, a juvenile adjudication, or a 24 conviction, relating to cannabis, regardless of whether the event occurred before, on, or after the effective date of this 25 26 Act.

1	(b) CANNABIS DEFINED.—The term "cannabis"—
2	(1) means all parts of the plant Cannabis sativa
3	L., whether growing or not; the seeds thereof; the resin
4	extracted from any part of such plant; and every
5	compound, manufacture, salt, derivative, mixture, or
6	preparation of such plant, its seeds or resin; and
7	(2) does not include—
8	(A) hemp, as defined in section 297A of the
9	Agricultural Marketing Act of 1946; or
10	(B) the mature stalks of such plant, fiber
11	produced from such stalks, oil or cake made from
12	the seeds of such plant, any other compound,
13	manufacture, salt, derivative, mixture, or prepa-
14	ration of such mature stalks (except the resin ex-
15	tracted therefrom), fiber, oil, or cake, or the steri-
16	lized seed of such plant which is incapable of
17	germination.
18	(c) Conforming Amendments to Immigration and
19	NATIONALITY ACT.—The Immigration and Nationality Act
20	(8 U.S.C. 1101 et seq.) is amended—
21	(1) in section 212(h), by striking "and subpara-
22	graph (A)(i)(II) of such subsection insofar as it re-
23	lates to a single offense of simple possession of 30
24	grams or less of marijuana";

1	(2) in section $237(a)(2)(B)(i)$, by striking "other
2	than a single offense involving possession for one's
3	own use of 30 grams or less of marijuana";
4	(3) in section $101(f)(3)$, by striking "(except as
5	such paragraph relates to a single offense of simple
6	possession of 30 grams or less of marihuana)";
7	(4) in section $244(c)(2)(A)(iii)(II)$ by striking
8	"except for so much of such paragraph as relates to
9	a single offense of simple possession of 30 grams or
10	less of marijuana";
11	(5) in section $245(h)(2)(B)$ by striking "(except
12	for so much of such paragraph as related to a single
13	offense of simple possession of 30 grams or less of
14	marijuana)'';
15	(6) in section $210(c)(2)(B)(ii)(III)$ by striking ",
16	except for so much of such paragraph as relates to a
17	single offense of simple possession of 30 grams or less
18	of marihuana"; and
19	(7) in section $245A(d)(2)(B)(ii)(II)$ by striking
20	", except for so much of such paragraph as relates to
21	a single offense of simple possession of 30 grams or
22	less of marihuana".

1 SEC. 10. RESENTENCING AND EXPUNGEMENT.

2 (a) Expungement of Federal Cannabis Offense
3 Convictions for Individuals Not Under a Criminal
4 Justice Sentence.—

5 (1) IN GENERAL.—Not later than 1 year after 6 the date of the enactment of this Act, each Federal 7 district shall conduct a comprehensive review and 8 issue an order expunging each conviction or adjudica-9 tion of juvenile delinquency for a Federal cannabis of-10 fense entered by each Federal court in the district be-11 fore the date of enactment of this Act and on or after 12 May 1, 1971. Each Federal court shall also issue an 13 order expunging any arrests associated with each ex-14 punged conviction or adjudication of juvenile delin-15 quency.

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

23 (3) RIGHT TO PETITION COURT FOR
24 EXPUNGEMENT.—At any point after the date of enact25 ment of this Act, any individual with a prior convic26 tion or adjudication of juvenile delinquency for a
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1 Federal cannabis offense, who is not under a criminal 2 justice sentence, may file a motion for expungement. If the expungement of such a conviction or adjudica-3 4 tion of juvenile delinquency is required pursuant to this Act, the court shall expunde the conviction or ad-5 6 judication, and any associated arrests. If the indi-7 vidual is indigent, counsel shall be appointed to represent the individual in any proceedings under this 8 subsection. 9

10 (4) SEALED RECORD.—The court shall seal all
11 records related to a conviction or adjudication of ju12 venile delinquency that has been expunged under this
13 subsection. Such records may only be made available
14 by further order of the court.

15 (b) SENTENCING REVIEW FOR INDIVIDUALS UNDER A
16 CRIMINAL JUSTICE SENTENCE.—

17 (1) IN GENERAL.—For any individual who is 18 under a criminal justice sentence for a Federal can-19 nabis offense, the court that imposed the sentence 20 shall, on motion of the individual, the Director of the 21 Bureau of Prisons, the attorney for the Government, 22 or the court, conduct a sentencing review hearing. If 23 the individual is indigent, counsel shall be appointed 24 to represent the individual in any sentencing review 25 proceedings under this subsection.

1	(2) Potential reduced resentencing.—After
2	a sentencing hearing under paragraph (1), a court
3	shall—
4	(A) expunge each conviction or adjudication
5	of juvenile delinquency for a Federal cannabis

6 offense entered by the court before the date of en-7 actment of this Act, and any associated arrest; 8 (B) vacate the existing sentence or disposi-9 tion of juvenile delinquency and, if applicable, 10 impose any remaining sentence or disposition of 11 juvenile delinquency on the individual as if this 12 Act, and the amendments made by this Act, were 13 in effect at the time the offense was committed; 14 and

15 (C) order that all records related to a con16 viction or adjudication of juvenile delinquency
17 that has been expunged or a sentence or disposi18 tion of juvenile delinquency that has been va19 cated under this Act be sealed and only be made
20 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—

24 (1) may treat the arrest, conviction, or adjudica25 tion as if it never occurred; and

1	(2) shall be immune from any civil or criminal
2	penalties related to perjury, false swearing, or false
3	statements, for a failure to disclose such arrest, con-
4	viction, or adjudication.
5	(d) DEFINITIONS.—In this section:
6	(1) The term "Federal cannabis offense" means
7	an offense that is no longer punishable pursuant to
8	this Act or the amendments made under this Act.
9	(2) The term "expunge" means, with respect to
10	an arrest, a conviction, or a juvenile delinquency ad-
11	judication, the removal of the record of such arrest,
12	conviction, or adjudication from each official index or
13	public record.
14	(3) The term "under a criminal justice sentence"
14 15	(3) The term "under a criminal justice sentence" means, with respect to an individual, that the indi-
	· · ·
15	means, with respect to an individual, that the indi-
15 16	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super-
15 16 17	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super- vised release, imprisonment, official detention, pre-re-
15 16 17 18	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super- vised release, imprisonment, official detention, pre-re- lease custody, or work release, pursuant to a sentence
15 16 17 18 19	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super- vised release, imprisonment, official detention, pre-re- lease custody, or work release, pursuant to a sentence or disposition of juvenile delinquency imposed on or
15 16 17 18 19 20	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super- vised release, imprisonment, official detention, pre-re- lease custody, or work release, pursuant to a sentence or disposition of juvenile delinquency imposed on or after the effective date of the Controlled Substances
15 16 17 18 19 20 21	means, with respect to an individual, that the indi- vidual is serving a term of probation, parole, super- vised release, imprisonment, official detention, pre-re- lease 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).

25 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 informa tion as the Comptroller General determines should be in cluded.

6 (f) REPORT.—Not later than 2 years after the date of
7 the enactment of this Act, the Comptroller General of the
8 United States shall report to Congress the results of the
9 study conducted under subsection (e).

10sec. 11. References in existing law to marijuana or11marihuana.

12 Wherever, in the statutes of the United States or in 13 the rulings, regulations, or interpretations of various ad-14 ministrative 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.

21 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.

4 SEC. 13. CANNABIS OFFENSE DEFINED.

5 For purposes of this Act, the term "cannabis offense"
6 means a criminal offense related to cannabis—

7 (1) that, under Federal law, is no longer punish8 able pursuant to this Act or the amendments made
9 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.

15 SEC. 14. RULEMAKING.

16 Unless otherwise provided in this Act, not later than 1 year after the date of enactment of this Act, the Depart-17 ment of the Treasury, the Department of Justice, and the 18 19 Small Business Administration shall issue or amend any rules, standard operating procedures, and other legal or pol-20 21 icy quidance necessary to carry out implementation of this 22 Act. After the 1-year period, any publicly issued sub-requ-23 latory guidance, including any compliance guides, manu-24 als, advisories and notices, may not be issued without 60-25 day notice to appropriate congressional committees. Notice

3 SEC. 15. SOCIETAL IMPACT OF MARIJUANA LEGALIZATION 4 STUDY.

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

10 (1) sick days reported to employers;

11 (2) workers compensations claims;

12 (3) tax revenue remitted to States resulting from
13 legal marijuana sales;

14 (4) changes in government spending related to
15 enforcement actions and court proceedings;

16 (5) Federal welfare assistance applications;

17 (6) rate of arrests related to methamphetamine18 possession;

19 (7) hospitalization rates related to methamphet20 amine and narcotics use;

21 (8) uses of marijuana and its byproducts for
22 medical purposes;

23 (9) arrest rates of individuals driving under the
24 influence or driving while intoxicated by marijuana;

1	(10) traffic-related deaths and injuries where the
2	driver is impaired by marijuana;
3	(11) arrest of minors for marijuana-related
4	charges;
5	(12) violent crime rates;
6	(13) school suspensions, expulsions, and law en-
7	forcement referrals that are marijuana-related;
8	(14) high school dropout rates;
9	(15) changes in district-wide and State-wide
10	standardized test scores;
11	(16) marijuana-related hospital admissions and
12	poison control calls;
13	(17) marijuana-related juvenile admittances into
14	substance rehabilitation facilities and mental health
15	clinics;
16	(18) diversion of marijuana into neighboring
17	States and drug seizures in neighboring States;
18	(19) marijuana plants grown on public lands in
19	contravention to Federal and State laws; and
20	(20) court filings under a State's organized
21	crime statutes.

Union Calendar No. 497

116TH CONGRESS H. R. 3884

[Report No. 116-604, Part I]

A BILL

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

November 27, 2020

Reported from the Committee on the Judiciary with an amendment

November 27, 2020

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