



**Working to Reform Marijuana Laws**

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## **NORML's Summary of the Cannabis Administration and Opportunity Act**

For over 50 years, NORML has represented the interests of the adult cannabis consumer and has worked to ensure that these tens of millions of Americans who choose to use cannabis no longer have to fear state violence, discrimination, or undue treatment under federal law. Therefore, we take a great interest in the draft language proposed by Senate Majority Leader Chuck Schumer and Senators Cory Booker and Ron Wyden in the Cannabis Administration and Opportunity Act.

Below is our summary of the primary components of this Act and its implications on cannabis policy.

### **Ending Federal Prohibition and Criminalization**

Most significantly, the Cannabis Administration and Opportunity Act directs the US Attorney General [to remove marijuana from the federal Controlled Substances Act](#) — thereby allowing states to either maintain or establish their own cannabis regulatory policies free from undue federal interference.

Under this approach, state governments – if they choose to do so – can continue to impose criminal penalties for marijuana possession offenses. Yet for the purposes of federal intervention, the existing and future state regulated marketplaces for both adult-use or medical use would no longer be constrained by issues stemming from federal prohibition, such as restricted access to financial services, lack of access to standard tax treatment, among other hindrances.

### **Reparative Justice and Civil Protections**

The proposal mandates for the expungement of the records of anyone convicted of a federal, non-violent marijuana offense. The proposal also allows any individual who is under a criminal justice sentence for a nonviolent federal cannabis offense to obtain a sentencing review hearing. After the sentencing hearing, courts shall expunge each arrest, conviction, or adjudication of juvenile delinquency for a non-violent federal cannabis offense, vacate the existing sentence or disposition of juvenile delinquency, and seal all records relating to a conviction or adjudication that has been expunged.

Further, the legislation establishes a grant program for state and local governments to offset the cost of facilitating their own expungement programs. Additionally, the Community Reinvestment Grant Program would be administered by a newly established Cannabis Justice Office within the Office of Justice Programs at the Department of Justice. The purpose of this program is to fund nonprofits and localities that provide services to those impacted by the criminalization of cannabis. These services include job training, reentry, and legal aid services.

The proposal also forbids federal officials from taking discriminatory actions against those who legally consume cannabis. Specifically, it prohibits “individuals from being denied any federal public benefit ... on the basis of [the] use or possession of cannabis” and similarly has explicit language to prevent cannabis from having an adverse impact on an individual’s immigration status.

### **Safe Access to Economic Opportunity**

Jobs, Jobs, Jobs and Ownership: Jobs in the state-licensed cannabis industry rose 32 percent during 2020 and as of April, 2021, the industry [employed over](#) 321,000 full-time workers.



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The CAOAs seek to increase this number dramatically by empowering ownership amongst economically disadvantaged communities. To accomplish this goal, CAOAs provide funding streams to eligible states and localities through two programs directed by the SBA.

The first program would provide loans and other support to small businesses who meet the criteria under the new definition of impacted community.

The second program would aid state and local efforts through the availability of financial incentives to create equitable licensing programs, commonly referred to as “social equity licensing.”

**Banking certainty and access to credit:** Currently, hundreds of licensed and regulated businesses do not have access to the banking industry and are unable to accept credit cards, deposit revenues, access loans, or write checks to meet payroll or pay taxes. This situation is untenable. No industry can operate safely, transparently, or effectively without access to banks or other financial institutions.

Enactment of this legislation would effectively remove potential penalties that banks and financial institutions currently face when servicing cannabis businesses.

### Health and Public Safety

The proposal transfers primary agency jurisdiction over cannabis regulation from the US Drug Enforcement Administration to the Food and Drug Administration and to the Alcohol and Tobacco Tax and Trade Bureau in a manner similar to the ways in which these agencies already oversee alcohol and tobacco products.

This would effectively allow a transition of the existing consumer marketplace that now serves nearly 1 in 8 Americans from a federally illicit and unregulated market to one that provides certainty, consistency, and product safety.

Federal law would prohibit anyone under 21 years of age from being able to possess or use state-legal cannabis/cannabis products, with an exception for those with a medical recommendation. We know that these minimum age restrictions are a proven strategy at limiting and dissuading youth use and access.

The legislation directs various government agencies to conduct research related to the effects of cannabis on society, its medical efficacy, and its impact on driving performance. This legislation also, for the first time, permits physicians associated with the US Department of Veterans Affairs to make recommendations to their patients to access medical cannabis.

### Paid-For

A federal excise tax of 10 percent would be imposed within the first year of the law’s enactment, climbing to an effective top marginal tax rate of 25% over 5 years.

To assist small businesses, cannabis producers would be eligible for a 50% federal tax reduction via a tax credit on up to \$20 million in annual sales.

Further, the CAOAs would dramatically reduce the overall tax burden of the existing industry by no longer subjecting it to 280E, which according to National Cannabis Industry Association [projections](#), would bring down the effective tax burden by 40% on existing operators.