

The Marijuana Opportunity Reinvestment and Expungement Act (MORE)

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Bill H.R. 3884 to decriminalize cannabis was recently passed by the House of Representatives on December 4, 2020. While the Bill still needs to make it through the Senate and it is not expected to come up for vote until 2021, the question to ask is “What will it mean for the cannabis industry?”

Key Components of H.R. 3884

- Remove cannabis from the list of federally controlled substances, as defined by the Controlled Substances Act of 1970. This would give the control of the cannabis industry to the states to decide whether to legalize it locally.
- Require the Federal Bureau of Labor Statistics to regularly publish demographic data on cannabis business owners and employees.
- Establish a federal excise tax on legal cannabis of 5% – increasing to 8% over the first few years – and require these revenues to be deposited into a trust fund.
- Reinvest a portion of the new excise tax in communities most affected by the war on drugs.
- Make Small Business Administration loans and services available to entities that are legitimate businesses in the cannabis industry.
- End the application of IRS rule 208E for legal cannabis businesses which forbids them from deducting otherwise ordinary expenses from gross income associated with the trafficking of a controlled substance.
- Expunge and seal federal marijuana arrests and convictions.
- Prohibit the denial of federal public benefits to any person based on cannabis-related conduct or convictions.

In addition to the changes above, this Bill would open the door to research, improve banking and tax laws, and provide opportunities for economic growth to the states. This Bill will also help banks with their decision to work with cannabis businesses. Presently, most banks are resistant to servicing cannabis businesses because of the fear of encountering problems with federal authorities forcing many in the cannabis industry to operate on a cash-only basis since they have no access to everything from loans, lines of credit and even checking accounts.

The Bottom Line

The cannabis industry is one of the fastest growing in the United States with no signs of slowing down in the near future. Every year more states are jumping in. Investors continue to pour billions of dollars into the cannabis industry and, if the federal government decriminalizes it, many more investors will be willing to get involved with the cannabis industry. If this legislation is moved forward by the Senate, it would allow for unprecedented growth within the industry; however, regardless of passage, it will have had a significant positive impact on moving the cannabis industry forward.

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