115TH CONGRESS  
1ST SESSION  

To amend the Internal Revenue Code of 1986 to provide for the taxation and regulation of marijuana products, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. WYDEN introduced the following bill; which was read twice and referred to the Committee on ___________________

A BILL

To amend the Internal Revenue Code of 1986 to provide for the taxation and regulation of marijuana products, 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; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Marijuana Revenue and Regulation Act”.

(b) Table of Contents.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAXATION

Sec. 101. Establishment of taxes relating to marijuana products.
TITLE II—REGULATION

Subtitle A—Amendments to Decriminalize Marijuana at the Federal Level

Sec. 201. Decriminalization of marijuana.
Sec. 203. Conforming and ancillary amendments.

Subtitle B—Federal Marijuana Licensing and Related Matters

Sec. 211. Federal marijuana administration.
Sec. 212. Addition of marijuana to certain legal authorities relating to intoxicating liquors.

Subtitle C—Other Amendments Relating to Federal Authority Regarding Marijuana

Sec. 221. Food and Drug Administration.
Sec. 222. Transferring agency functions with regard to marijuana.
Sec. 223. Unfair advertising practices.
Sec. 224. Comptroller General Review of laws and regulations.

TITLE III—FUNDING

Sec. 301. Funding for the Alcohol, Tobacco, and Marijuana Tax and Trade Bureau.

TITLE I—TAXATION

SEC. 101. ESTABLISHMENT OF TAXES RELATING TO MARIJUANA PRODUCTS.

(a) In General.—Subtitle E of title I of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:

“CHAPTER 56—MARIJUANA PRODUCTS

“SUBCHAPTER A. TAX ON MARIJUANA PRODUCTS.

“SUBCHAPTER B. OCCUPATIONAL TAX.

“SUBCHAPTER C. BOND AND PERMITS.

“SUBCHAPTER D. OPERATIONS.

“SUBCHAPTER E. PENALTIES.

“Subchapter A—Tax on Marijuana Products

“Sec. 5901. Imposition of tax.
“Sec. 5902. Definitions.
"SEC. 5901. IMPOSITION OF TAX.

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

"(1) for any such product sold during the first 5 calendar years in which this chapter becomes effective, the applicable percentage of the price for which such product is sold, and

"(2) for any product sold during any calendar year after the period described in paragraph (1), the applicable equivalent rate.

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

"(1) For any marijuana product sold during the first 2 calendar years in which this chapter becomes effective, 10 percent.

"(2) For any marijuana product sold during the calendar year after the period described in paragraph (1), 15 percent.

"(3) For any marijuana product sold during the calendar year after the period described in paragraph (2), 20 percent.

"Sec. 5903. Liability and method of payment.
"Sec. 5904. Exemption from tax.
"Sec. 5905. Credit, refund, or drawback of tax.
“(4) For any marijuana product sold during the calendar year after the period described in paragraph (3), 25 percent.

“(c) Applicable Equivalent Rate.—

“(1) In general.—For purposes of subsection (a)(2), the applicable equivalent rate for each calendar year shall be equal to—

“(A) in the case of any marijuana product not described in subparagraph (B) which is sold during such year, the applicable rate per ounce 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 marijuana product containing a marijuana derivative which is sold during such year, the applicable rate per gram 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 rate.—

“(A) In general.—For purposes of paragraph (1)(A), the applicable rate per ounce for any calendar year shall be equal to 25 percent of the prevailing sales price of marijuana sold
in the United States during the 12-month pe-
riod ending one calendar quarter before such
calendar year, expressed on a per ounce basis,
as determined by the Secretary.

“(B) MARIJUANA DERIVATIVES.—For pur-
poses of paragraph (1)(B), the applicable rate
per gram of tetrahydrocannabinol shall be equal
to the quotient obtained by dividing—

“(i) the applicable rate per ounce (as
determined under subparagraph (A), by

“(ii) 2.83495.

“(d) TIME OF ATTACHMENT ON MARIJUANA PRO-
ducts.—The tax under this section shall attach to any
marijuana product as soon as such product is in existence
as such, whether it be subsequently separated or trans-
ferred into any other substance, either in the process of
original production or by any subsequent process.

“SEC. 5902. DEFINITIONS.

“For purposes of this chapter:

“(1) EXPORT WAREHOUSE.—The term ‘export
warehouse’ means a bonded internal revenue ware-
house for the storage of marijuana products, upon
which the internal revenue tax has not been paid—
“(A) for subsequent shipment to a foreign country, Puerto Rico, the Virgin Islands, or a possession of the United States, or
“(B) for consumption beyond the jurisdiction of the internal revenue laws of the United States.
“(2) EXPORT WAREHOUSE PROPRIETOR.—The term ‘export warehouse proprietor’ means any person who operates an export warehouse.
“(3) IMPORTER.—The term ‘importer’ means any person who—
“(A) is in the United States and to whom nontaxpaid marijuana products, produced in a foreign country, Puerto Rico, the Virgin Islands, or a possession of the United States, are shipped or consigned,
“(B) removes marijuana products for sale or consumption in the United States from a customs bonded warehouse, or
“(C) smuggles or otherwise unlawfully brings marijuana or marijuana products into the United States.
“(4) MARIJUANA.—The term ‘marijuana’ has the meaning given the term ‘marihuana’ under sec-
tion 102(16) of the Controlled Substances Act (21
U.S.C. 802(16)).

“(5) MARIJUANA DERIVATIVE.—The term
‘marijuana derivative’ means any article containing
marijuana, or any derivative thereof, which is not a
naturally grown and unadulterated marijuana flow-
er.

“(6) MARIJUANA ENTERPRISE.—The term
‘marijuana enterprise’ means a producer, export
warehouse proprietor, or importer.

“(7) MARIJUANA PRODUCT.—

“(A) IN GENERAL.—Except as provided in
subparagraph (B), the term ‘marijuana prod-
uct’ means any article which contains mari-
juana or any marijuana derivative.

“(B) EXCEPTIONS.—

“(i) IN GENERAL.—The term ‘mari-
juana product’ shall not include—

“(I) any article containing mari-
juana which has been approved by the
Food and Drug Administration for
sale for therapeutic purposes and is
marketed and sold solely for such pur-
pose, or

“(II) industrial hemp.
“(ii) INDUSTRIAL HEMP.—For purposes of clause (i)(II), the term ‘industrial hemp’ means the plant Cannabis sativa L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.

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

“(9) PRODUCER.—The term ‘producer’ means any person who—

“(A) plants, cultivates, harvests, or otherwise produces marijuana or marijuana products, or

“(B) manufactures, compounds, converts, processes, prepares, or packages marijuana products.

“(10) REMOVAL; REMOVE.—The terms ‘removal’ or ‘remove’ mean—

“(A) the removal of marijuana products from the premises of a producer, or from inter-
nal revenue bond under section 5904, as the Secretary shall by regulation prescribe,

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

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

“(11) RETAILER.—The term ‘retailer’ means a person who sells marijuana products to consumers.

“SEC. 5903. LIABILITY AND METHOD OF PAYMENT.

“(a) LIABILITY FOR TAX.—

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

“(2) TRANSFER OF LIABILITY.—

“(A) IN GENERAL.—When marijuana products are transferred, without payment of tax, pursuant to section 5904, the liability for tax shall be transferred in accordance with the provisions of this paragraph.

“(B) TRANSFER BETWEEN PRODUCER AND EXPORT WAREHOUSE PROPRIETOR.—In the case of marijuana products which are transferred between the bonded premises of producers and export warehouse proprietors, 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.

“(C) Transfer from Customs Custody
to Producer.—In the case of marijuana prod-
ucts 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 there-
upon be relieved of their liability for such tax.

“(D) Returned to Bond.—All provisions
of this chapter applicable to marijuana products
in bond shall be applicable to such articles re-
turned to bond upon withdrawal from the mar-
ket or returned to bond after previous removal
for a tax-exempt purpose.

“(b) Method of Payment of Tax.—

“(1) In General.—

“(A) Determination and Payment of
tax.—The taxes imposed by section 5901 shall
be determined at the time of removal of the
marijuana products. Such taxes shall be paid on
the basis of return. The Secretary shall, by reg-
ulations, prescribe the period or the event for
which such return shall be made and the information to be furnished on such return.

“(B) 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 marijuana products where a person defaults in the postponed payment of tax on the basis of a return under this subsection or regulations prescribed thereunder.

“(C) 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 marijuana 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
marijuana 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 pe-
riod during which the article is removed
from the first such warehouse.

“(iii) FOREIGN TRADE ZONES.—Ex-
cept as provided in clause (iv) and in regu-
lations 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) Marijuana products brought into the United States from Puerto Rico.—In the case of marijuana products which are brought into the United States from Puerto Rico, the last day for payment of tax shall be the 14th day after the last day of the semi-monthly 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 paragraph 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 marijuana products.—In the case of any marijuana 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 immediately upon production.

“(3) Payment by electronic fund transfer.—Any person who in any 12-month period, ending December 31, was liable for a gross amount equal to or exceeding $5,000,000 in taxes imposed on marijuana 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 preceding sentence.

“(e) Definition of Price.—

“(1) 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.

“(2) 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 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 pre-
scribed by the Secretary, principles
similar to the principles of subclause
(I) shall apply to a group of persons
under common control where 1 or
more of such persons is not a corpora-
tion.
“(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 paragraph (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 respect to which credit or refund is allowable by reason 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 payable if such installment accounts had not been sold or otherwise disposed of (computed as provided in paragraph (1)); except 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.

"(a) In General.—Marijuana 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 marijuana production facility in research, development, or testing (other than consumer testing or other market analysis) of processes, systems, materials, or equipment, relating to marijuana or marijuana 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) Marijuana 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 marijuana 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, Puerto Rico, the Virgin Islands, or a possession of the United States, or for consumption beyond the jurisdiction of the internal revenue laws of the United States.

“(2) Labeling.—Marijuana products may not be transferred or removed under this subsection unless such products bear such marks, labels, or notices as the Secretary shall by regulations prescribe.

“(c) Marijuana Products Released in Bond From Customs Custody.—Marijuana 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 regulations and under such bond as the Secretary shall prescribe.

“(d) MARIJUANA PRODUCTS EXPORTED AND RETURNED.—Marijuana products classifiable under item 9801.00.10 of the Harmonized Tariff Schedule of the United States (relating to duty on certain articles previously exported and returned), as in effect on the date of the enactment of the Marijuana Revenue and Regulation Act, may be released from customs custody, without payment of that part of the duty attributable to the internal revenue tax for delivery to the original producer of such marijuana products or to the export warehouse proprietor authorized by such producer 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 subject 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 allowed or made (without interest) to the producer, importer, or export warehouse proprietor on proof satisfactory to the Secretary that the claimant pro-
ducer, importer, or export warehouse proprietor has paid the tax on—

“(A) marijuana 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) Marijuana products lost or destroyed in bond.—

“(A) Extent of loss allowance.—No tax shall be collected in respect of marijuana 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 marijuana production facility, owner, consignor, consignee, bailee, or carrier, or their employees or agents,

“(ii) in the case of voluntary destruction, unless such destruction is carried out as provided in paragraph (3), and
“(iii) in the case of an unexplained shortage of marijuana products.

“(B) **Proof of Loss.**—In any case in which marijuana products are lost or destroyed, whether by theft or otherwise, the Secretary may require the proprietor of a marijuana production 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 marijuana production facility or other person 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 marijuana production 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, re-
mitted, credited, or refunded under this para-
graph where the loss occurred after the tax was
determined. The abatement, remission, credit,
or refund of taxes provided for by subpara-
graphs (A) and (C) in the case of loss of mari-
juana 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 re-
spect of marijuana products lost after the tax
was determined and before completion of the
physical removal of the marijuana products
from the bonded premises.

“(3) VOLUNTARY DESTRUCTION.—The propri-
etor of a marijuana production facility or other per-
sons liable for the tax imposed by this chapter or by
section 7652 with respect to any marijuana 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 re-
fund of tax under this subsection shall be filed with-
in 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 allow-
ance of drawback of tax paid on marijuana products, when
shipped from the United States, in accordance with such
regulations and upon the filing of such bond as the Sec-
retary shall prescribe.

“Subchapter B—Occupational Tax

"Sec. 5911. Imposition and rate of tax.
"Sec. 5912. Payment of tax.
"Sec. 5913. Provisions relating to liability for occupational taxes.
"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-
one 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 occupational 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 commenced, to and including the 30th day of June following.

(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 receipt denoting payment of the tax. This paragraph shall not apply in the case of a return covering liability for a past period.

“SEC. 5913. PROVISIONS RELATING TO LIABILITY FOR OCCUPATIONAL TAXES.

“(a) Partners.—Any number of persons doing business 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 occupational 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 register kept in the office of the official in charge of the internal revenue district.
“(2) STORAGE.—Nothing contained in paragraph (1) shall require imposition of an occupational tax for the storage of marijuana 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 occu-
pational tax was paid.

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

“(A) The surviving spouse or child, or ex-
egcutor or administrator or other legal represent-
ative, 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 re-
mainder of the taxable period for which the occupa-
tional tax was paid. To secure the right to carry on
the business without incurring additional occupa-
tional tax, the successor, or the person relocating
their business, must register the succession or relo-
cation 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.

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

“(1) In general.—Except as authorized by the Secretary or on the bonded premises of a marijuana production facility duly authorized to produce marijuana products according to law—

“(A) no marijuana may be planted, cultivated, harvested, or grown in any building or on any premises, and

“(B) no marijuana product may be manufactured, 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 marijuana product.

“(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 pre-
scribe. 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 marijuana enterprise, and at such other time as the Secretary shall by regulation prescribe, shall make application for the permit provided for in section 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 marijuana enterprise are not adequate
to protect the revenue,

“(2) the activity proposed to be carried out at
such premises does not meet such minimum capacity
or activity requirements as the Secretary may pre-
scribe, or

“(3) such person (including, in the case of a
corporation, any officer, director, or principal stock-
holder and, in the case of a partnership, a part-
ner)—

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

“(B) has been convicted of a felony viola-
tion of any provision of Federal or State crimi-
nal law relating to marijuana or marijuana
products, or
“(C) 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 marijuana 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,

“(E) is, by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal criminal law relating to marijuana, not likely to maintain operations in compliance with this chapter, or

“(F) has been convicted of a felony violation of any provision of Federal or State criminal law relating to marijuana or marijuana products,

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 suspended 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 persons 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 marijuana products after removal.

“Sec. 5934. Restrictions relating to marks, labels, notices, and packages.

“Sec. 5935. Restriction on importation of previously exported marijuana products.

“SEC. 5931. INVENTORIES, REPORTS, AND RECORDS.

“Every producer, importer, and export warehouse proprietor shall—

“(1) make a true and accurate inventory at the time of commencing business, at the time of concluding 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 inventories 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 marijuana products shall, be-
fore removal, be put up in such packages as the Secretary
shall by regulation prescribe.

“(b) MARKS, LABELS, AND NOTICES.—Every pack-
age of marijuana 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 marijuana
products.

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

“(e) EXCEPTIONS.—Subject to regulations prescribed
by the Secretary, marijuana 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 MARIJUANA 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 marijuana 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 thereunder, or

“(B) which, after removal without payment of tax pursuant to section 5904, 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 marijuana products which are not put up in packages as required 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 marijuana products which are not put up in packages 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 marijuana 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 marijuana 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 marijuana products before such package is emptied.
“SEC. 5935. RESTRICTION ON IMPORTATION OF PREVIOUSLY EXPORTED MARIJUANA PRODUCTS.

“(a) Export Labeled Marijuana Products.—

“(1) In general.—Marijuana 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 re-
move or conceal or attempt to remove or conceal (in-
cluding by the placement of a sticker over) any ex-
port label.

“(3) EXPORTS INCLUDE SHIPMENTS TO PUER-
to 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-
ference to shipment to the Commonwealth of Puerto
Rico.

“(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 (e) 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.

“(e) Sale of Marijuana or Marijuana Products
for Export.—

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

“(2) every person who sells or receives such re-
landed marijuana 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 marijuana products relanded within
the jurisdiction of the United States shall be forfeited to
the United States and destroyed. All vessels, vehicles, and
aircraft used in such relanding or in removing such mari-
juana 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 in-
tent to defraud the United States—

“(1) engages in business as a marijuana enter-
prise 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, re-
quired 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 marijuana products subject to tax under this chapter, or

“(5) with intent to defraud the United States, purchases, receives, possesses, offers for sale, or sells or otherwise disposes of, any marijuana 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 thereunder, or

“(B) which, without payment of tax pursuant 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) Offenses Relating to Retail Transactions.—Any retailer who sells, in any single transaction, more than 1 ounce of any marijuana product (or in the case of any marijuana product containing a marijuana derivative, an equivalent amount, as established by the Secretary) shall be, upon conviction, fined not more
than $10,000, or imprisoned for not more than 5 years, or both.

“(c) OTHER OFFENSES.—Whoever, otherwise than as provided in subsections (a) and (b) and section 5911(b), violates any provision of this chapter, or of regulations prescribed thereunder, shall, for each such offense, be fined not more than $1,000, or imprisoned not more than 1 year, or both.

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

(b) 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 characteristics of the marijuana industry, including the number of persons operating marijuana 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 improve the regulation of the industry and the administration of the related tax.
(c) CONFORMING AMENDMENT.—Section 6103(o)(1)(A) of the Internal Revenue Code of 1986 is amended by striking “and firearms” and inserting “firearms, and marijuana”.

(d) CLERICAL AMENDMENT.—The table of chapters for subtitle E of title I of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:

“CHAPTER 56. MARIJUANA PRODUCTS.”.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to sales, and applications for permits under section 5922 of the Internal Revenue Code of 1986 (as added by subsection (a)), after 180 days after the date of the enactment of this Act.

(2) SPECIAL RULES FOR EXISTING BUSINESSES.—In the case of any producer operating under a permit issued on or before the date of the enactment of this Act under State law, the requirements under section 5922 of such Code (as so added) shall apply beginning on the date that is 6 months after the date of the enactment of this Act.
TITLE II—REGULATION
Subtitle A—Amendments to Decriminalize Marijuana at the Federal Level

SEC. 201. DECRIMINALIZATION OF MARIJUANA.

(a) REMOVAL FROM SCHEDULE OF CONTROLLED SUBSTANCES.—Notwithstanding any other provision of the Controlled Substances Act (21 U.S.C. 801 et seq.), the Attorney General shall, not later than 60 days after the date of the enactment of this Act, issue a final order that removes marijuana in any form from all schedules under section 202(c) of that Act (21 U.S.C. 812(e)).

(b) CONFORMING AMENDMENT TO REMOVE LEGISLATIVE DEADWOOD.—Subsection (c) of section 202 of the Controlled Substances Act (21 U.S.C. 812) is amended to read as follows:

“(c) CROSS REFERENCE TO SCHEDULES OF CONTROLLED SUBSTANCES.—Schedules I, II, III, IV, and V shall consist of the drugs and other substances (by whatever official name, common or usual name, chemical name, or brand name designated) that are set forth in the respective schedules in part 1308 of title 21, Code of Federal Regulations, as they may be amended from time to time, or in any successor regulation.”
SEC. 202. APPLICATION OF THE CONTROLLED SUBSTANCES ACT AND CONTROLLED SUBSTANCES IMPORT AND EXPORT ACT TO MARIJUANA.

Part A of the Controlled Substances Act (21 U.S.C. 801 et seq.) is amended by adding at the end the following:

“SEC. 103. APPLICATION TO MARIHUANA.

“(a) GENERAL NONAPPLICATION.—Except as provided in this section, this title and title III do not apply to marihuana.

“(b) EXCEPTION: PROHIBITION ON CERTAIN TRANSPORTATIONS AND SHIPMENTS.—It shall be unlawful to ship or transport marihuana from any place outside a State, territory, or district of the United States, or other place noncontiguous to but subject to the jurisdiction of the United States, into that State, territory, or district of the United States, or place, when such marihuana is intended by any person interested therein to be received, possessed, sold, or in any manner used, in violation of any law of such State, territory, district, or place.

“(c) PENALTY.—Whoever knowingly violates subsection (b) shall be fined under title 18, United States Code, or imprisoned not more than one year, or both.”.

SEC. 203. CONFORMING AND ANCILLARY AMENDMENTS.

(a) MODIFICATION OF DEFINITION OF “FELONY DRUG OFFENSE”.—Section 102(44) of the Controlled
Substances Act (21 U.S.C. 802(44)) is amended by striking “marihuana,”.

(b) Elimination of Marijuana Penalty Provisions.—Part D of the Controlled Substances Act (21 U.S.C. 841 et seq.) is amended—

(1) in section 401—

(A) by striking subsection (b)(1)(A)(vii);

(B) by striking subsection (b)(1)(B)(vii);

(C) by striking subsection (b)(1)(D); and

(D) by striking subsection (b)(4);

(2) in section 402(c)(2)(B), by striking “marihuana,”;

(3) in section 403(d)(1), by striking “marihuana,”;

(4) in section 418(a), by striking the last sentence;

(5) in section 419(a), by striking the last sentence;

(6) in section 422(d), in the matter preceding paragraph (1), by striking “marijuana,”; and

(7) in section 422(d)(5), by striking “, such as a marihuana cigarette,”.

(e) Removal of Prohibition on Import and Export.—Section 1010 of the Controlled Substances Import and Export Act (21 U.S.C. 960) is amended—
(1) by striking subparagraph (G) of subsection (b)(1);
(2) by striking subparagraph (G) of subsection (b)(2); and
(3) by striking paragraph (4) of subsection (b).

(d) Limiting the Application of the National Forest System Drug Control Act of 1986 to Controlled Substances Other Than Marijuana.—The National Forest System Drug Control Act of 1986 is amended—

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

(e) Interception of Communications.—Section 2516 of title 18, United States Code, is amended—

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

is amended by striking subsection (j) (relating to prevention of marijuana use).

**Subtitle B—Federal Marijuana Licensing and Related Matters**

**SEC. 211. FEDERAL MARIJUANA ADMINISTRATION.**

The Federal Alcohol Administration Act (27 U.S.C. 201 et seq.) is amended by adding at the end the following:

"TITLE III—MARIJUANA"

"SEC. 301. UNLAWFUL BUSINESSES WITHOUT MARIJUANA PERMIT."

"(a) Import.—It shall be unlawful, except pursuant to a permit issued under this title by the Secretary of the Treasury (hereinafter in this title referred to as the ‘Secretary’)—

"(1) to engage in the business of importing marijuana into the United States; or

"(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, marijuana so imported.

"(b) Manufacture and Sale.—It shall be unlawful, except pursuant to a permit issued under this title by the Secretary—"
“(1) to engage in the business of cultivating, producing, manufacturing, packaging, or warehousing marijuana; or

“(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, marijuana so cultivated, produced, manufactured, packaged, or warehoused.

“(c) Resale.—It shall be unlawful, except pursuant to a permit issued under this title by the Secretary—

“(1) to engage in the business of purchasing marijuana for resale at wholesale; or

“(2) for any person so engaged to receive or to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, marijuana so purchased.

“(d) Remedies for Violations.—

“(1) Criminal fine.—

“(A) Generally.—Whoever violates this section shall be fined not more than $1000.

“(B) Settlement in compromise.—The Secretary may decide not to refer a violation of this section to the Attorney General for prosecution but instead to collect a payment from
the violator of no more than $500 for that violation.

“(2) CIVIL ACTION FOR RELIEF.—The Attorney General may, in a civil action, obtain appropriate relief to prevent and restrain a violation of this title.

“SEC. 302. PROCEDURE FOR ISSUANCE OF MARIJUANA PERMITS.

“(a) WHO ENTITLED TO PERMIT.—

“(1) GENERALLY.—The Secretary shall issue a permit for operations requiring a permit under section 301 unless the Secretary finds that—

“(A) the applicant (or if the applicant is a corporation, any of its officers, directors, or principal stockholders) has been convicted of a disqualifying offense;

“(B) the applicant is, by reason of business experience, financial standing, or trade connections, not likely to commence operations within a reasonable period or to maintain such operations in conformity with Federal law; or

“(C) the operations proposed to be conducted by the applicant are in violation of the law of the State in which they are to be conducted.
“(2) Disqualifying offenses.—For the purposes of paragraph (1)—

“(A) Generally.—Except as provided in subparagraph (B) a disqualifying offense is an offense related to the production, consumption, or sale of marijuana that is—

“(i) a felony under Federal or State law, if the conviction occurred not later than 5 years before the date of the application; or

“(ii) a misdemeanor under Federal law, if the conviction occurred not later than 3 years before the date of the application.

“(B) Excluded offenses.—A disqualifying offense does not include a Federal or State offense based on conduct that—

“(i) was legal under State law in the State when and where the conduct took place, or

“(ii) is, as of the date of the application, no longer an offense in that State.

“(b) Refusal of permit; hearing.—If upon examination of any application for a permit the Secretary has reason to believe that the applicant is not entitled to
such permit, the Secretary shall so notify the applicant
and, upon request by the applicant, afford the applicant
due notice and opportunity for hearing on the application.
If the Secretary, after affording such notice and oppor-
tunity for hearing, still finds that the applicant is not enti-
tled to a permit hereunder, the Secretary shall by order
deny the application stating the findings which are the
basis for the order.

"(c) Form of Application.—

"(1) Generally.—The Secretary shall—

"(A) prescribe the manner and form of ap-
lications for permits under this title (including
the facts to be set forth in the application);

"(B) prescribe the form of such permits;

"(C) specify in any permit the authority
conferred by the permit and the conditions of
that permit in accordance with this title.

"(2) Separate types of applications and
permits.—To the extent deemed necessary by the
Secretary for the efficient administration of this
title, the Secretary may require separate applications
and permits with respect to the various classes of
marijuana, and with respect to the various classes of
persons entitled to permits under this title.
“(3) DISCLAIMER.—The issuance of a permit under this title does not deprive the United States of any remedy for a violation of law.

“(d) CONDITIONS.—A permit under this title shall be conditioned upon—

“(1) compliance with all other Federal laws relating to production, sale and consumption of marijuana, as well as compliance with all State laws relating to said activities in the State in which the permit applicant resides and does business; and

“(2) payment to the Secretary of a reasonable permit fee in an amount determined by the Secretary to be sufficient over time to offset the cost of implementing and overseeing all aspects of marijuana regulation by the Federal Government.

“(e) REVOCATION, SUSPENSION, AND ANNULMENT.—

“(1) GENERALLY.—After due notice and opportunity for hearing, the Secretary may order a permit under this title—

“(A) revoked or suspended for such period as the Secretary deems appropriate, if the Secretary finds that the permittee has willfully violated any of the conditions of the permit, but
for a first violation of the conditions the permit shall be subject to suspension only;

“(B) revoked if the Secretary finds that the permittee has not engaged in the operations authorized by the permit for a period of more than 2 years; or

“(C) annulled if the Secretary finds that the permit was procured through fraud, or misrepresentation, or concealment of material fact.

“(2) ORDER TO STATE BASIS FOR ORDER.—

The order shall state the findings which are the basis for the order.

“(f) SERVICE OF ORDERS.—Each order of the Secretary with respect to any denial of application, suspension, revocation, annulment, or other proceedings, shall be served—

“(1) in person by any officer or employee of the Secretary designated by him or any internal revenue or customs officer authorized by the Secretary for the purpose; or

“(2) by mailing the order by registered mail, addressed to the applicant or respondent at his last known address in the records of the Secretary.

“(g) DURATION.—
“(1) **General Rule.**—Except as otherwise provided in this subsection, a permit issued under this title shall continue in effect until suspended, revoked, or annulled as provided in this title, or voluntarily surrendered.

“(2) **Effect of Transfer.**—If operations under a permit issued under this title are transferred, the permit automatically terminates 30 days after the date of that transfer, unless an application is made by the transferee before the end of that period for a permit under this title for those operations. If such an application is made, the outstanding permit shall continue in effect until such application is finally acted on by the Secretary.

“(3) **Definition of Transfer.**—For the purposes of this section, the term ‘transfer’ means any change of ownership or control, whether voluntary or by operation of law.

“(h) **Judicial Review.**—A permittee or applicant for a permit under this title may obtain judicial review under chapter 7 of title 5, United States Code, of the denial of the application of that applicant or, in the case of a permittee, the denial of an application by the transferee of that permittee.

“(i) **Statute of Limitations.**—
“(1) IN GENERAL.—No proceeding for the suspension or revocation of a permit for violation of any condition thereof relating to compliance with Federal law shall be instituted by the Secretary more than 18 months after conviction of the violation of Federal law, or, if no conviction has been had, more than 3 years after the violation occurred.

“(2) COMPROMISE.—No permit shall be suspended or revoked for a violation of any such condition thereof if the alleged violation of Federal law has been compromised by any officer of the Government authorized to compromise such violation.

“SEC. 303. DEFINITIONS.

“In this title—

“(1) the term ‘marijuana’ has the meaning given the term ‘marihuana’ in section 102 of the Controlled Substances Act (21 U.S.C. 802); and

“(2) the term ‘State’ includes the District of Columbia, Puerto Rico, and any territory or possession of the United States.”."
SEC. 212. ADDITION OF MARIJUANA TO CERTAIN LEGAL AUTHORITIES RELATING TO INTOXICATING LIQUORS.

(a) Wilson Act.—The Act of August 8, 1890 (commonly known as the Wilson Act or the Original Packages Act; 27 U.S.C. 121), is amended—

(1) by inserting “, or marijuana,” after “intoxicating liquors or liquids”, and

(2) by striking “such liquids or liquors” and inserting “such liquids, liquors, or marijuana”.

(b) Webb-Kenyon Act.—The Act of March 1, 1913 (commonly known as the Webb-Kenyon Act; 27 U.S.C. 122), is amended—

(1) by inserting “marijuana or any” after “whatsoever, of any”

(2) by inserting “marijuana or” after “which said”.

(c) Victims of Trafficking and Violence Protection Act of 2000.—Section 2 of the Victims of Trafficking and Violence Protection Act of 2000 (27 U.S.C. 122a) is amended—

(1) in subsection (a)—

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

(B) by inserting after paragraph (2) the following new paragraph:
“(3) the term ‘marijuana’ has the meaning given the term ‘marihuana’ in section 102 of the Controlled Substances Act (21 U.S.C. 802);”; and

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

Subtitle C—Other Amendments Relating to Federal Authority Regarding Marijuana

SEC. 221. FOOD AND DRUG ADMINISTRATION.

The Food and Drug Administration shall have the same authorities with respect to marijuana as the Administration has with respect to alcohol.

SEC. 222. TRANSFERRING AGENCY FUNCTIONS WITH REGARD TO MARIJUANA.

(a) Transfer of Jurisdiction from Drug Enforcement Administration to Bureau of Alcohol, Tobacco, Firearms and Explosives.—The functions of the Attorney General, acting through the Administrator of the Drug Enforcement Administration relating to marijuana enforcement, shall hereafter be administered by the Attorney General, acting through the Director of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

(b) Redesignation of Bureau of Alcohol, Tobacco, Firearms and Explosives as Bureau of Al-
coHOL, TOBACCO, MARIJUANA, FIREARMS AND EXPLO-
SIVES.—

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

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

(e) REDESIGNATION OF ALCOHOL AND TOBACCO
TAX AND TRADE BUREAU AS ALCOHOL, TOBACCO, AND
MARIJUANA TAX AND TRADE BUREAU.—

(1) REDESIGNATION.—The Alcohol and To-
bacco Tax and Trade Bureau is hereby renamed the
“Alcohol, Tobacco, and Marijuana Tax and Trade
Bureau”.

(2) REFERENCES.—Any reference to the Alco-
hol and Tobacco Tax and Trade Bureau in any law,
regulation, map, document, record, or other paper of
the United States shall be deemed to be a reference
to the Alcohol, Tobacco, and Marijuana Tax and
Trade Bureau.
SEC. 223. UNFAIR ADVERTISING PRACTICES.

(a) IN GENERAL.—It shall be unlawful for any person engaged in the business of importing marijuana into the United States, or cultivating, producing, manufacturing, packaging, or warehousing marijuana, or purchasing marijuana for resale at wholesale, directly or indirectly or through an affiliate, to publish or disseminate or cause to be published or disseminated by radio broadcast, or in any newspaper, periodical or other publication or by any sign or outdoor advertisement or any other printed or graphic matter, any advertisement of marijuana, if such advertisement is in, or is calculated to induce sales in, interstate or foreign commerce, or is disseminated by mail, unless such advertisement is in conformity with such regulations, to be prescribed by the Secretary of the Treasury, or the Secretary’s delegate (referred to in this section as the “Secretary”), as will—

(1) prevent deception of the consumer with respect to the products advertised and as will prohibit, irrespective of falsity, such statements relating to manufacturing processes, analyses, guaranties, and scientific or irrelevant matters as the Secretary finds to be likely to mislead the consumer;

(2) provide the consumer with adequate information as to the identity and quality of the products
advertised, the characteristics thereof, and the person responsible for the advertisement;

(3) prohibit statements that are disparaging of a competitor’s products or are false, misleading, obscene, or indecent; and

(4) prevent statements inconsistent with any statement on the labeling of the products advertised.

(b) NON-APPLICATION TO PUBLISHERS AND BROADCASTERS.—The prohibitions of this section and regulations thereunder shall not apply to the publisher of any newspaper, periodical, or other publication, or radio broadcaster, unless such publisher or radio broadcaster is engaged in the business of importing marijuana into the United States, or cultivating, producing, manufacturing, packaging, or warehousing marijuana, or purchasing marijuana for resale at wholesale, directly or indirectly or through an affiliate.

SEC. 224. COMPTROLLER GENERAL REVIEW OF LAWS AND REGULATIONS.

The Comptroller General shall conduct a review of Federal laws, regulations, and policies to determine if any changes in them are desirable in the light of the purposes and provisions of this Act. Not later than 2 years after the date of the enactment of this Act, the Comptroller General shall make to Congress and the relevant agencies
such recommendations relating to the results of that re-
view as the Comptroller General deems appropriate.

TITLE III—FUNDING

SEC. 301. FUNDING FOR THE ALCOHOL, TOBACCO, AND MARIJUANA TAX AND TRADE BUREAU.

(a) Increased Funding for the Alcohol, To-

bacco, and Marijuana Tax and Trade Bureau.—For

necessary expenses of carrying out section 1111(d) of the

Homeland Security Act of 2002 (6 U.S.C. 531(d)), there

are authorized to be appropriated—

(1) for fiscal year 2017, $116,439,000, to re-

main available until September 30, 2018; and

(2) for fiscal year 2018, $119,081,000, to re-

main available until September 30, 2019.

(b) Availability of Funds for Administration

of Marijuana Taxation.—Of the amounts authorized

to be appropriated under subsection (a), for each of fiscal

years 2017 and 2018, $10,000,000 shall be for the pur-

pose of carrying out the provisions of this Act and the

amendments made by this Act.