UNFAIR TAX BURDENS
Section 280E of the Internal Revenue Code prohibits businesses involved in "drug trafficking" from deducting normal business expenses when filing their federal taxes. Because cannabis is still listed as a Schedule I drug, even state-legal cannabis businesses pay 50-70% of their net income to the federal government. Others have been audited by the IRS and then forced to shut down. Sec. 280E threatens the viability of state-licensed cannabis providers, potentially leading to the loss of valuable jobs and tax revenue.

THE COLE MEMO
On January 4th, Attorney General Jeff Sessions announced the Department of Justice’s move to rescind the ‘Cole Memo’ and two additional memos related to marijuana enforcement policy. These memos, issued in 2013 and 2014, have helped to clarify the Department’s response to state-legal cannabis activity. The rescission of the memo, however, does not necessarily mean that any major change in enforcement policy is on the horizon. This has, and still will be, a matter of prosecutorial discretion.

FEDERAL SOLUTION
NCIA is constantly exploring different avenues that will encourage Congress to give the cannabis industry guidance, as well as encourage Congress to protect state-legal medical cannabis programs through appropriations bills, or preferably through stand alone legislation.

For more information, please contact Michelle@TheCannabisIndustry.org.