



FEDERAL POLICY UPDATE

SEPTEMBER 2018



07 | JULY

The U.S. Senate Appropriations Committee issued a report condemning marijuana's federal status, saying that its Schedule I designation blocks research. In a new report issued by the Senate Appropriations Committee, the document stated, ***"The Committee is concerned that restrictions associated with Schedule 1 of the Controlled Substance Act effectively limit the amount and type of research that can be conducted on certain Schedule 1 drugs, especially marijuana or its component chemicals and certain synthetic drugs."***

In July, New York Gov. Andrew Cuomo's (D) administration issued a document that "encourages" banks to work with medical marijuana and hemp businesses. The New York Department of Financial Services wrote, "Forcing medical marijuana and industrial hemp businesses to operate solely with cash creates a public safety issue, as cash intensive businesses and their suppliers, employees and customers become targets for criminals. Large amounts of cash distributed outside the regulated banking system is unacceptable and creates risks to the companies, and their employees and business partners. Further, large scale cash operations impede tracking funds for tax and anti-money laundering purposes. None of this is necessary." **NCIA is pleased to add Gov. Cuomo to our growing coalition of policymakers calling for a solution to the cannabis banking crisis.**

Also in New York, the state's Department of Health released a study concluding that the benefits of marijuana legalization outweigh its potential harms, writing, ***"Regulation of marijuana benefits public health by enabling government oversight of the production, testing, labeling, distribution, and sale of marijuana. The creation of a regulated marijuana program would enable NYS to better control licensing, ensure quality control and consumer protection, and set age and quantity restrictions."***

In July, the U.S. Food and Drug Administration rejected an anti-marijuana group's petition to add cannabis to a list of drugs that are not ***"generally recognized as safe and effective."*** The agency said that the move is ***"not necessary for the protection of public health."***

The Wine & Spirits Wholesalers of America became the first and only alcohol association to announce its support of ending federal cannabis prohibition so that states can set their own policies.

The National Association of Counties, which represents the U.S.'s 3,069 county governments, adopted platform planks calling on the federal government to respect state marijuana laws and increase cannabis businesses' access to banks.

The U.S. House Rules Committee, chaired by vocal cannabis opponent Rep. Pete Sessions (R-TX) once again blocked floor votes on budget amendments that would have allowed cannabis businesses to access banks and to allow Washington, D.C. to spend its own money legalizing and regulating cannabis sales.

Congresswoman Tulsi Gabbard (D-HI) and a bipartisan group of cosponsors introduced the Marijuana Data Collection Act (H.R. 6495), which would require federal agencies to conduct a study on ***"the effects of State legalized marijuana programs on the economy, public health, criminal justice and employment."*** **NCIA has formally endorsed this legislation.**

In a slight change of tone, U.S. Attorney General Jeff Sessions said that ***"states have a right to set their own laws and will do so"*** but that ***"the American republic will not be better if there are marijuana sales on every street corner"*** and ***"we'll [Department of Justice] enforce the federal law."***

In July, NCIA held its 5th Annual Cannabis Business Conference and Expo, where former U.S. Deputy Attorney General James Cole gave a keynote speech. In a separate interview, he said that it ***"may in fact be that the what's laid out in the Cole memo continues to be the standard by which prosecutors tend to judge these cases even though it's not official."***

Congressman Charlie Crist (D-FL) and Congressman Drew Ferguson (R-GA) filed a new bill to shield federal employees from being fired for marijuana use that is legal in the state in which they live. **NCIA has formally endorsed the bill.**

08 | AUGUST

The U.S. House of Representatives left Washington, D.C. for the traditional month of August recess. The U.S. Senate, however, returned halfway through the month.

Thousands of state legislators met at the National Conference of State Legislatures' (NCSL) annual Legislative Summit in Los Angeles. Following the summit, NCSL issued **two** new policy directives related to cannabis: the first stated that NCSL *"maintains that the federal government should respect state decisions to regulate cannabis, including hemp in non-FDA approved cannabis products,"* while the second said *"NCSL acknowledges that due to the expansion of legal cannabis, legitimate business enterprises need access to financial institutions that provide capital, security, efficiency, and record keeping."* **NCSL was proud to participate in the event by having Director of Government Relations Michael Correia speak on a panel focused on cannabis and banking.**

It became known that Facebook has been, and continues to, hiding all marijuana- and cannabis-related pages from search results, including NCIA's, as well as pages for official government regulatory bodies like California's Bureau of Cannabis Control and the Massachusetts Cannabis Control Commission. **NCIA is urging Facebook to stop shadow banning cannabis-related pages through an online petition, which has currently garnered over 20,000 signatures.**

The U.S. Senate appointed its conferees for the Farm Bill, including Majority Leader Mitch McConnell (R-KY), who has introduced a provision to the bill that would legalize hemp.

For the first time ever, the United Nations World Health Organization

has agreed to conduct a critical review of whether marijuana and its extracts and compounds are properly classified under international drug treaties. Recently, the organization also issued a critical review of CBD concluded that the substance *"has been found to be generally well tolerated with a good safety profile"* and does not meet the criteria for being controlled under the conventions.

Just days after proposing a huge increase in the amount of marijuana that can be legally grown in the U.S. for research in 2019, the U.S. Drug Enforcement Administration announced that it will more than double the existing cannabis quota for 2018. At the same time, the Department of Justice and Drug Enforcement Administration continue to block additional licensees to grow cannabis for research purposes.

A group of the top financial regulatory officials from 13 states sent a letter urging congressional leaders to solve the marijuana industry's banking access issues. The regulators wrote, *"It is incumbent on Congress to resolve the conflict between state cannabis programs and federal statutes that effectively create unnecessary risk for banks seeking to operate in this space without the looming threat of civil actions, forfeiture of assets, reputational risk, and criminal penalties."*

According to documents released by BuzzFeed News, the White House Office of National Drug Control Policy is coordinating a government-wide effort to portray marijuana legalization in a negative light. **NCIA continues to work towards educating the White House on the importance of a study conducted by an independent federal agency that isn't invested in continuing marijuana prohibition.** ■

09 | SEPTEMBER

In September, the U.S. House of Representatives returned to Washington, D.C. for one more month before returning home to campaign in October.

Separate bipartisan groups of U.S. senators sent letters to two Trump administration Cabinet members, urging them to stop blocking cannabis research. One letter, sent to the head of the U.S. Department of Veterans Affairs (VA) Robert Wilkie, encouraged the department to begin large-scale, clinical trials on the potential medical benefits of cannabis for veterans suffering from conditions such as post-traumatic stress disorder (PTSD) or chronic pain. The other letter was sent to Attorney General Jeff Sessions, and called for an increase in the number of federally approved manufacturers producing cannabis for research purposes.

Longtime opponent of cannabis reform and ranking member of the Senate Judiciary Committee, Sen. Dianne Feinstein (D-CA) signed on as a cosponsor of the "STATES Act," NCIA priority legislation seeking to end the conflict between state and federal marijuana laws.

The first conference meeting for the Farm Bill was held in early September. Senate Majority Leader Mitch McConnell (R-KY) pushed for hemp legalization and House Judiciary Committee Chairman Bob Goodlatte (R-VA) also spoke in support.

Senators Brian Schatz (D-HI) and Bill Nelson (D-FL) introduced legislation to legalize medical cannabis for military veterans, allow Department of Veterans Affairs (VA) doctors to issue recommendations and require the VA to research the benefits of marijuana. **NCIA formally endorsed the bill.**

NCIA worked with Congressman Lou Correa (D-CA) to send a letter to the Department of Homeland Security Secretary Kirstjen Nielsen that urges the department to develop clear guidance concerning the entry into the United States of foreign nationals with authorized work visas who are associated with the cannabis industry.

NCIA published "The New Politics of Marijuana," a report highlighting the political opportunity for candidates who embrace marijuana reform and the legal cannabis industry in the 2018 midterm elections. The report has been shared with key Capitol Hill staffers and candidates running for Congress and we are also encouraging our members to download it and share with policymakers. Please download the report by visiting www.TheCannabisIndustry.org/NewPoliticsReport:

Earlier in the year, the Drug Enforcement Agency (DEA) posted a notice of proposed adjustments to the 2018 aggregate production quotas and opened them up for public comment. **In September, NCIA responded to the DEA's Federal Register notices and encouraged the agency to expand research so that there can be an abundant and consistent supply of organic cannabis from state-compliant producers to facilitate scientific and medical research will only enhance knowledge of cannabis for consumers, physicians, and government officials.**

At the end of the month, Congress passed a continuing resolution to keep the government open and funded through December 7, 2018. This spending package does include protections for medical cannabis businesses and patients that have been in law since 2014. ■