

POLITICO<sup>PRO</sup>

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# CANNABIS

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## THE ESSENTIAL GUIDE

WRITTEN BY: NATALIE FERTIG



01

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**CANNABIS: POLICY STATE  
OF THE UNION**



# KEEP THE STATES IN MIND

## THERE IS NO WAY TO LOOK AT FEDERAL CANNABIS POLICY RIGHT NOW WITHOUT KEEPING THE STATES IN MIND.

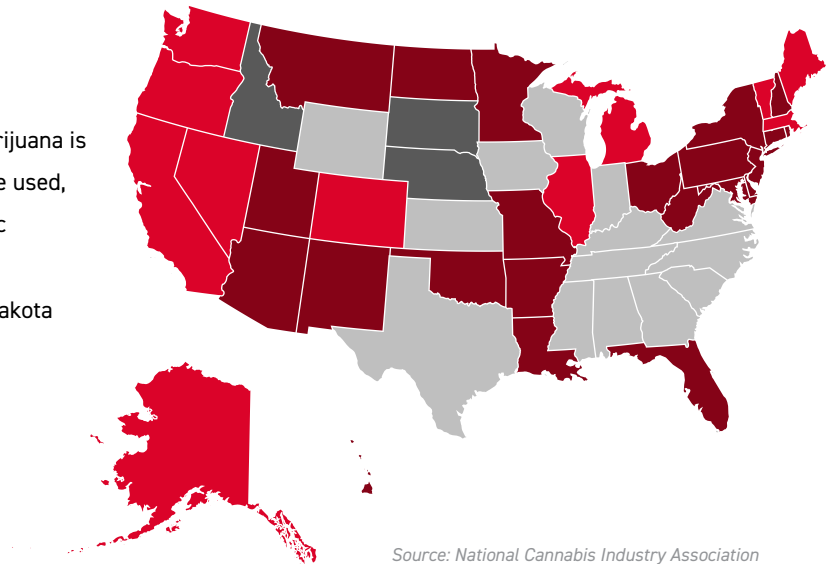
Because cannabis is not yet legal on a federal level, the majority of federal legislation is aimed at either easing limits on or protecting state-level industries, with the notable exception of medical marijuana research. Few bills, as of yet, are delving deeply into the nuts and bolts of cannabis policy or regulations on Capitol Hill; that work is still being done in the states.

On the issue of cannabis, states are the arbiters of federal policy. A state's legalization status often dictates if its lawmakers are cannabis advocates, and the biggest problems in its marijuana industry inspire the bills those lawmakers will introduce and champion on Capitol Hill. While the majority of cannabis policy nationwide is still being done at the state level, there are major hurdles all states face that can be fixed only by the federal government, like access to banking services for cannabis businesses.

### EACH STATE'S CANNABIS LAWS

There are four types:

- 1. Adult-use market
- 2. Medical market
- 3. Some CBD, but no THC, for medical use (marijuana is still a "controlled substance," but CBD can be used, when prescribed by doctors, for very specific ailments)
- 4. No cannabis – Idaho, Nebraska and South Dakota



# PARTY LINES

## **CANNABIS SUPPORT IS NOT SPLIT DOWN PARTY LINES.**

This is partially because there are so many states with either recreational or medical cannabis industries, and those industries have constituents with complaints and needs. It's true that more Democrats support cannabis legislation in both the House and Senate than Republicans, but as long as the Senate is controlled by the GOP, those Republicans are key. Sen. Cory Gardner of Colorado, for example, is a Republican and one of the primary advocates for cannabis in the Senate. Libertarian-leaning Sen. Rand Paul of Kentucky, meanwhile, believes that cannabis should be left up to each state and is a frequent co-sponsor of cannabis legislation. Republican lawmakers who have a history of being pro-states' rights or come from states with medical or recreational cannabis are the best bets to be cannabis allies.

State legal status, however, is not the only determinant for which lawmakers will be sympathetic to cannabis legislation. There often is an age divide between pro- and anti-cannabis lawmakers on Capitol Hill. California Democratic Sen. Dianne Feinstein, for example, was slow to board the cannabis bandwagon and still is not very active on the issue. Meanwhile, her junior counterpart Sen. Kamala Harris (D-Calif.) has sponsored multiple pieces of weed legislation.

# CANNABIS ON CAPITOL HILL

## **STATE-MOTIVATED DYNAMICS MEANS THAT CAPITOL HILL IS CONSTANTLY CHANGING.**

New lawmakers are constantly joining the ranks of the cannabis caucus, whether the official one chaired by Reps. Earl Blumenauer (D-Ore.), Barbara Lee (D-Calif.), Don Young (R-Alaska) and Dave Joyce (R - Ohio) or the unofficial group of all lawmakers who favor loosening federal marijuana restrictions. New state laws are constantly influencing federal action, and the expansion of the industry is bringing in new interest groups, from pharma and banking to alcohol and tobacco.

**The key thing to know about cannabis on Capitol Hill is that anything, really, can happen.**

# A LOT MORE MONEY IS INVOLVED

As more states have legalized, especially large ones with deep pockets like California and Illinois, there is a lot more money involved. This has made a big difference on Capitol Hill, as everyone from soda companies to the American Bankers Association develops an interest in the hemp and cannabis industries. It has resulted in additional dollars being spent on lobbying, and more political pressure being placed on lawmakers from myriad new sources. This additional money has the power to push lawmakers to consider bills; many have said the ABA was instrumental, for example, in the progress of the SAFE Banking Act, which aims to provide more banking options for cannabis companies. But it's also important to note that as more states legalize and as more industries jump into the fray, there will be more differences of opinion on Capitol Hill.



Take the Strengthening the Tenth Amendment Through Entrusting States Act, S. 3032. It was generally supported by many lawmakers when it was first announced. But since then, Oregon has passed a law that would legalize interstate cannabis trade as soon as the federal government allows it. Other states, like Colorado, may want to create more barriers to interstate commerce to allow their in-state markets more time to flourish before being inundated by Oregon or California weed. As it stands, the STATES Act would solidify the barriers of legal states, limiting Oregon's ability to export marijuana out of state. This puts lawmakers from Oregon and California at odds with each other over a bill they both previously supported.

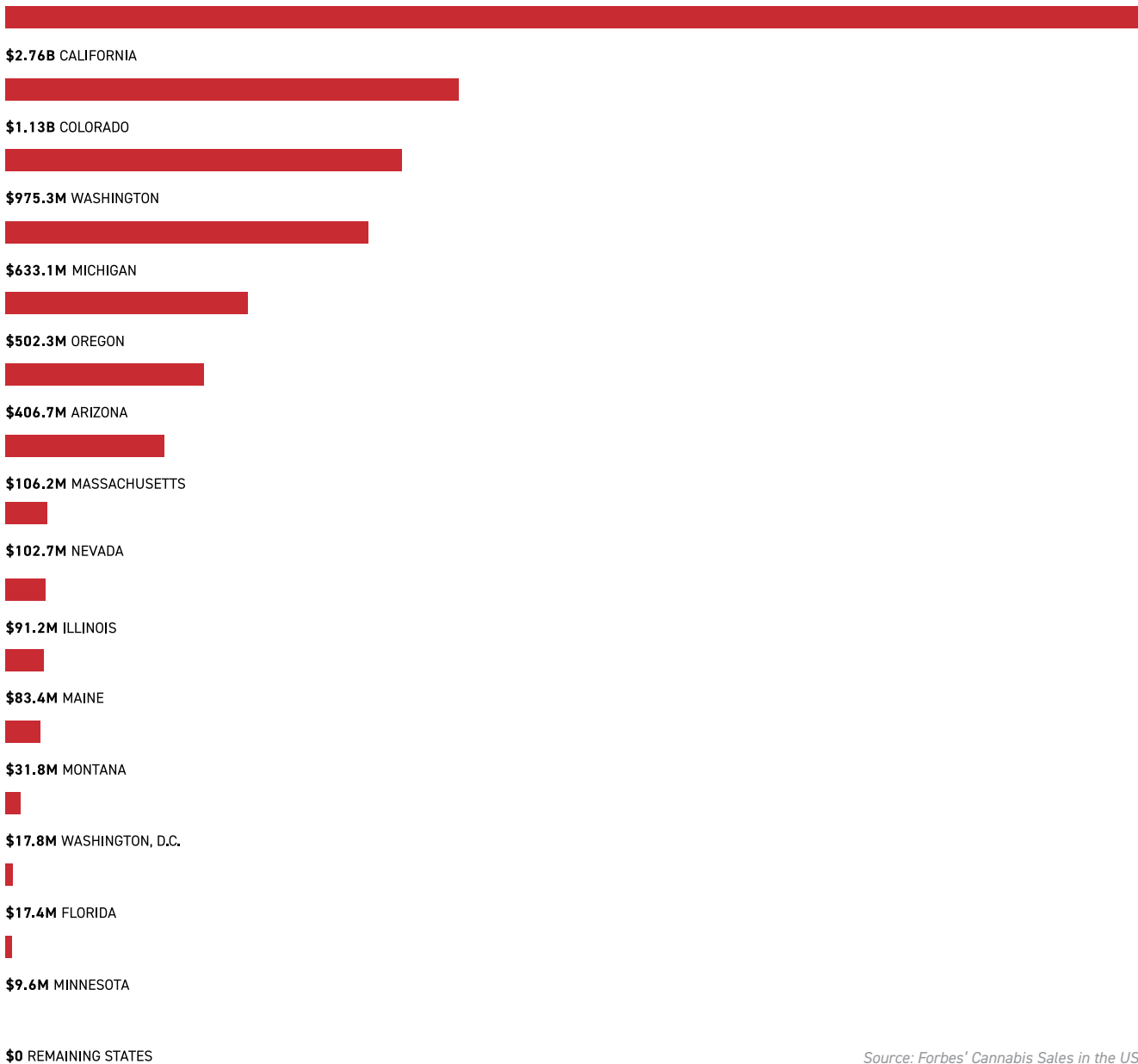
Because cannabis is still federally illegal, many of the major policy decisions are being made at the state level. From the way law enforcement approaches the remaining illicit market to criminal justice reform, workers' rights and even product packaging requirements, the formula for how many issues are dealt with will actually be dictated on the state level as long as federal prohibition remains in place.

# A LOT MORE MONEY IS INVOLVED

*cont.*

## CANNABIS REVENUES BROKEN DOWN BY STATE:

Estimated sales in 2017 in the U.S. from cannabis. Totals include medical and recreational sales. Note: Colorado, Oregon and Washington totals are recreational only.



Source: Forbes' Cannabis Sales in the US

# 02

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## **CANNABIS: 3 THINGS TO WATCH**





# CANNABIS: 3 THINGS TO WATCH

## 01

### ILLINOIS: THE LATEST STATE TO LEGALIZE RECREATIONAL CANNABIS

Illinois brings a market of 12.74 million people — and the nation's third-largest city — into the world of legal cannabis. Sales began on Jan. 1. Here is why Illinois is important:

- **It was the first state to fully legalize recreational marijuana through the state legislature. Before** Illinois, states with fully taxed and regulated cannabis industries saw cannabis legalized through ballot measures, after which the legislature came in and created a framework and regulations. The fact that the legislature of a large state has now legalized marijuana sets a precedent for states like New York and New Jersey that have long talked about legalizing cannabis but have been, for one reason or another, unable to do so.
- **An important part of Illinois' law was its equity program. Equity in cannabis is an issue that many** states are dealing with right now, and early programs in places like Massachusetts have come under fire for not doing enough or not actually working for the communities they were designed to help. If Illinois' program goes well, it could be a model for other states.
- **Illinois' legalization adds two senators and 18 representatives to the general cannabis caucus on** Capitol Hill. Democratic Sen. Tammy Duckworth has already said she is in favor of cannabis legislation, but Democratic Sen. Dick Durbin has not been positive on the subject in the past. How will they exercise their power in the Senate on this issue, and what aspects of cannabis policy — banking, criminal justice reform, research, states' rights, etc. — will they put their effort into?

## 02

### ON CAPITOL HILL, APPROPRIATIONS BILLS ARE A TROVE OF AMENDMENTS, INCLUDING CANNABIS AMENDMENTS

The Rohrabacher-Farr (now the Rohrabacher-Blumenauer) amendment is one of the only pieces of cannabis legislation passed by Congress. Since 2014, it has prohibited the DOJ from using federal funds to prosecute or hinder medical marijuana businesses in states where medical marijuana is legal. In the 116th Congress, the Blumenauer-McClintock amendment was introduced to do the same thing for recreational cannabis, but failed to make it into the 2020 budget package. The policy that keeps Washington, D.C., from having a taxed and regulated cannabis market also comes from an amendment, which is reintroduced each year to a federal appropriations bill. Keep a pulse on amendments, as updates to cannabis policy can sometimes sneak through that route more easily than through a stand-alone bill.

## 03

### THE ROLE OF TOBACCO AND ALCOHOL

If you aren't paying attention to tobacco and alcohol in the cannabis space, you should be; the big players in both industries are a constant presence in cannabis strategy meetings on Capitol Hill. Should something like the STATES Act or federal descheduling pass, their influence will become more than just behind the scenes.



# 03

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## **FINANCIAL SERVICES: THE SAFE BANKING ACT**



# FINANCIAL SERVICES: THE SAFE BANKING ACT

## ADVOCATES AND LAWMAKERS THINK THE SECURE AND FAIR ENFORCEMENT BANKING ACT OF 2019 HAS THE BEST CHANCE OF PASSING IN THE 116TH CONGRESS.

The SAFE Banking Act would prohibit regulators from taking action against financial institutions that provide services to cannabis businesses and safeguard banks in legal states from consequences should one of their clients stray outside the law. As it stands, banking services in states with legal medical or recreational cannabis are scarce or nonexistent. The state of Oregon, for example, has two credit unions that offer banking services to cannabis businesses.

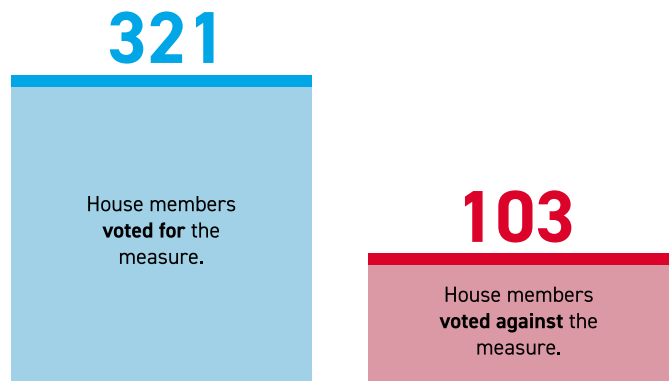
The main argument on Capitol Hill is that lack of banking increases crime. A [Wharton School of Business Public Policy Initiative analysis](#) showed that where no banking services were available, half of cannabis dispensaries were robbed.

The lack of banking services is also hurting the industry from an economic standpoint. Starting a business always requires capital upfront, and most small cannabis business owners don't have a way to take out a loan or a line of credit. In states like California, licensing and regulatory fees are so high that without banking, the "little guys" often can't succeed.

### HOUSE BREAKDOWN:

The bill, H.R. 1595, was introduced by Rep. Ed Perlmutter (D-Colo.) and passed the House in September by a vote of 321-103.

Advocates, lobbyists and lawmakers all think this is one of the stand-alone cannabis bills most likely to pass in this Congress. Part of that is because Republicans still control the Senate, and GOP leadership as a whole is not interested in descheduling. Banking, though, can be tied to states' rights and the bill has backing from powerful outside groups like the American Bankers Association and the Credit Union National Association.



# FINANCIAL SERVICES: THE SAFE BANKING ACT

*cont.*


## SENATE BREAKDOWN:

The Senate seems like a tougher sell, primarily because it is GOP-led and the committee chairmen in line to consider this legislation come from states without cannabis markets, and therefore with no banking issues. But the Senate has begun to consider it, scheduling a hearing in the Senate Banking Committee. Republican Sens. Cory Gardner of Colorado, Rand Paul of Kentucky and Kevin Cramer of North Dakota are all supporters or co-sponsors of the bill, and Sen. Jeff Merkley (D-Ore.) has said he thinks if it makes it to a vote on the Senate floor, there are the votes to pass it.

Most co-sponsors are from states with medical or recreational cannabis, except Sens. Tim Kaine and Mark Warner of Virginia and Sen. Tammy Baldwin of Wisconsin.

## LEGISLATION YOU SHOULD KNOW:

- Rohrabacher-Blumenauer amendment: Previously the Rohrabacher-Farr amendment, this amendment was first passed in 2014 and prohibits the Department of Justice from using federal funds to prosecute medical marijuana businesses that abide by state laws. It must be renewed every Congress.
- Blumenauer-McClintock amendment (2019): This amendment, introduced in the 116th Congress, would do for recreational cannabis what the Rohrabacher-Blumenauer amendment does for medical cannabis: protect state industries from interference from DOJ.
- SAFE Banking Act of 2019: If passed, this bill would create federal protections for financial institutions that serve cannabis businesses in states where cannabis is legal.



**“Because federal policy currently views handling transactions from legal cannabis businesses as tantamount to money laundering, it’s been extremely difficult to offer financial services to these businesses.”**

**— CUNA CEO Jim Nussle**

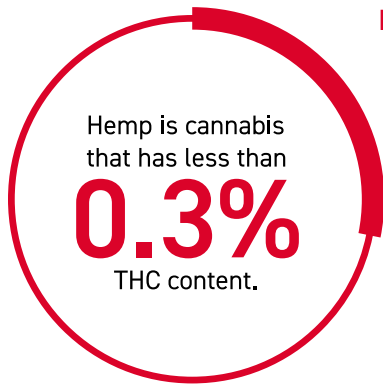
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## AGRICULTURE



# AGRICULTURE

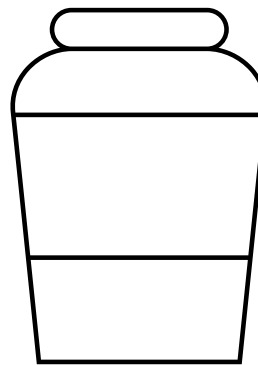


## HEMP WAS LEGALIZED IN THE 2018 FARM BILL.

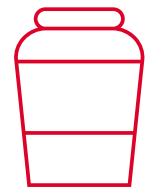
Senate Majority Leader Mitch McConnell pushed for hemp legalization in the hopes that it would revitalize Kentucky's farm economy.

Hemp can be used to produce CBD. Research is limited, but many experts say that hemp-based CBD is not as potent as full-spectrum CBD that comes from marijuana. Not all hemp products, however, contain CBD. Hemp oil is a separate product used in everything from lotion to lip balm. Hemp can also be used to make paper, clothing and a host of other products.

Hemp is legal to produce and to use, but most CBD products are still not federally legal to sell because the FDA has not created guidelines or approved products yet. That still hasn't stopped everyone from coffee shops in New York to beverage companies in Colorado from adding hemp-based CBD drops or "tinctures" to their products and selling them. The FDA has tried to remind people that it needs to actually approve specific CBD products before anyone can sell them, and states like New York have tried to crack down on sales, but CBD infusion is a huge money grab.



A 12 oz jar of honey typically costs around \$7



Infused with CBD, a 6 oz jar can sell for **\$55**

## WHETHER IT IS HEMP OR FULL-SPECTRUM CANNABIS,

most states have folded cannabis agriculture regulations into their existing agricultural framework. A great example of this is California. California exports twice as much in agricultural products as any other state in the nation. It also has extensive agricultural regulations, and the cannabis industry is no different. Getting into the cannabis market in California takes a lot of capital, both for the licenses themselves and also to comply with regulations.

### Know the terms:

- 1. Indoor cannabis:** Grown in a greenhouse or a building, typically in a more controlled environment, often with higher THC content. Can be grown anywhere.
- 2. Outdoor cannabis:** The best regions to grow cannabis outside are Southern Oregon and Northern California because cannabis needs a specific climate of good sunlight, warm (but not too hot) days and nights, a lot of water and low air humidity to thrive. Outdoor grows often yield more well-rounded and "vigorous" plants than those grown in artificial light.
- 3. Hemp-based CBD:** Cannabidiol that has less than 0.3 percent THC content. It is legal to grow under the farm act, but most CBD products are not yet legal to sell until the FDA creates guidelines and approves them.

# 05

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## TAX POLICY



# TAX POLICY

## MARIJUANA BUSINESSES NOW PAY FEDERAL TAX RATES THAT CAN APPROACH 70 PERCENT OR HIGHER.

That's largely because they can't take advantage of typical exemptions – including for salaries and benefits – that reduce tax bills for most businesses. Federal tax code Section 280E states that no tax deductions or credits are allowed for expenses incurred “if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances.” This means that cannabis businesses, be they dispensaries or farms or processors, cannot deduct any business expenses.

### PRESIDENTIAL CANDIDATES:

No candidate has taken any specific stance on what to do about 280E, but Democratic candidates backing legalization argue broadly that regulating and taxing marijuana at the federal level would vastly increase tax revenues while still reducing the burden for individual businesses.

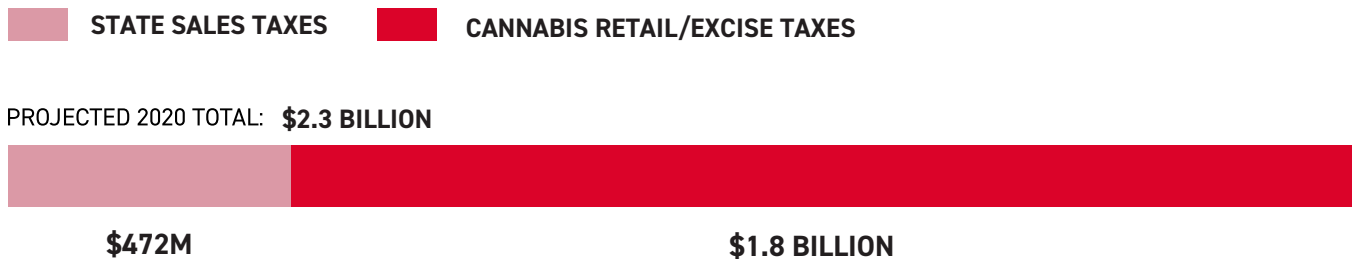
### GOVERNMENT ACTION:

The Supreme Court in late June 2019 declined to hear a case brought by Colorado-based company Alpenglow Botanicals which argued that the IRS doesn't get to decide that a cannabis company has violated federal law. The U.S. Government maintained that Alpenglow did violate the law because 280E specifically applies to businesses that “consist of trafficking in controlled substances.”

### SEN. RON WYDEN (D-ORE.) HAS ALSO INTRODUCED A BILL,

the Small Business Tax Equity Act of 2019, that would exempt marijuana businesses in compliance with state law from 280E. It has four co-sponsors: Sens. Paul, Merkley, Michael Bennet (D-Colo.) and Patty Murray (D-Wash.).

## STATE TAX REVENUE FROM RETAIL IS EXPECTED TO SOAR



Source: New Frontier Data Cannabis Industry 2017 Annual Report



# 06

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## CRIMINAL JUSTICE REFORM



# CRIMINAL JUSTICE REFORM

## CANNABIS EQUITY IS A TOPIC THAT HAS COME TO THE FOREFRONT OF THE LEGALIZATION CONVERSATION.

Marijuana enforcement has disproportionately sent individuals from black and brown communities to jail.

The majority of advocates on both sides of the cannabis issue agree on this fact, and that changes need to be made to correct that discrepancy. Many states are now dealing with equity and criminal justice reform as they legalize, and early-adopter states are now going back and adding equity programs and expungement laws. On the federal level, criminal justice reform is becoming a larger part of the conversation, with more recent bills including programs or funds for equity, in an attempt to undo the negative impacts of the war on drugs.

The Marijuana Justice Act, for example, would create a fund to reinvest in communities that have been disproportionately affected by criminal penalties. The bill, introduced by Sen. Cory Booker (D-N.J.) and Rep. Barbara Lee (D-Calif.), designates that the fund be used for public libraries, job training, conviction expungement expenses and more.

Senate Minority Leader Chuck Schumer's Marijuana Freedom and Opportunity Act would also create a fund called the Marijuana Opportunity Trust. The fund of at least \$10 million would specifically go to "small business concerns owned and controlled by women" and "small business concerns owned and controlled by socially and economically disadvantaged individuals" in the marijuana industry. It would also create a \$20 million grant fund to encourage local governments to expunge marijuana convictions.

Meanwhile, other bills, like the SAFE Banking Act, have come under fire for not addressing criminal justice reform or equity in any way.

## EXPUNGEMENT AND ALLOWING FELONS TO WORK IN THE CANNABIS INDUSTRY ARE ISSUES PRIMARILY BEING TACKLED RIGHT NOW AT THE STATE LEVEL.

Illinois' new cannabis law, for example, expunges **800,000 cannabis-related criminal records**. Massachusetts was one of the first states to offer priority employment to individuals who have a marijuana-related criminal offense, rather than prohibiting them from entering the market. In Colorado, state laws still prohibit anyone with a felony conviction — even if it was for a nonviolent cannabis-related offense — from entering the cannabis industry. Earlier states say that their stricter policies were the only way to convince voters on the fence to allow cannabis legalization at all. Now, though, even piecemeal cannabis bills on Capitol Hill can hit snags or opposition from the pro-cannabis caucus if they do not include criminal justice reform.

Recently, states have begun to go back and add in equity programs and pass criminal justice reform bills that include expungements or the sealing of records. Washington Gov. Jay Inslee has a program that expunges the records of people with a single nonviolent marijuana possession charge. This doesn't affect many people, though, and nowhere near the number that Illinois' new laws do. San Francisco and Oakland also have begun expungement measures, as has the state of California.

# 07

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## WORKERS' RIGHTS



# WORKERS' RIGHTS

## THE UNIONIZATION OF CANNABIS IS ONLY BEGINNING.

Right now, a multitude of national and state-based unions are reaching out to workers in the cannabis industry from the Teamsters to Service Employees International Union. In the short term, it will be interesting to see which unions end up attracting a majority of cannabis workers. In the long term, those unions will be integral to decisions made about cannabis workers' rights in each state, as well as at the federal level if cannabis is federally legalized.

## RIGHT NOW, THE CANNABIS INDUSTRY DOES NOT HAVE ONE SPECIFIC UNION.

Even in the same state, two dispensaries may sign contracts with two different unions. In the first year of New York's medical marijuana market (2016), for example, all five new medical marijuana companies formed deals with unions, but not with the same union. Four went with the state-based Retail, Wholesale and Department Store Union (a division of the United Food and Commercial Workers). The fifth went with national health care union SEIU.



## THE MAJOR UNIONS INVOLVED IN THE CANNABIS INDUSTRY RIGHT NOW:



**Teamsters:** While different in every state, it focuses heavily on cannabis transportation services and armored trucks.



**United Food and Commercial Workers:** This union focuses especially on employees involved in cannabis cultivation, testing and sales.

- It began its "Cannabis Workers Rising" campaign in 2010 and is probably the union with the largest number of cannabis industry workers.
- Seattle cannabis company Have a Heart signed a deal with UFCW unionizing its 137 employees in 2018.
- Minnesota Medical Solutions in 2017 signed deal with UFCW.



**SEIU:** This union focuses on security personnel, especially in Illinois, and also is a second destination for workers involved in cultivation, production or distribution of cannabis products.

# WORKERS' RIGHTS

*cont.*

## WORKERS' COMPENSATION & WORKER SAFETY REGULATIONS

are both issues controlled by states for all industries, even those outside of cannabis. It has been hard, though, for businesses to offer workers' comp because major national insurance brands, like Nationwide or Liberty Mutual, won't offer plans to businesses within the cannabis industry as long as cannabis is federally illegal or protections aren't extended to them, much like banks. So workers' comp insurance is handled mostly by statewide insurance companies or by specialty insurance companies like Praxis or Atlas.

3000

350

Colorado insurance company Pinnacol Assurance reported 350 claims out of 3,000 cannabis-related businesses for the year of 2018.

# 08

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## UNDERSTANDING HEMP



# UNDERSTANDING HEMP

## THE 2018 FARM BILL LEGALIZED HEMP.

But how is hemp different from marijuana? The general definition breakdown on Capitol Hill is that hemp and marijuana are terms for cannabis with different portions of THC. If the cannabis has under 0.3 percent THC, it is hemp. If it has anything above 0.3 percent THC, it is marijuana. When bills on Capitol Hill talk about hemp or marijuana, this is the differentiation they mean.

That means that right now, cannabis with under 0.3 percent THC content is legal to grow nationwide. The regulations governing the use of hemp products, though, are still a work in progress. As with any food or medical product, cannabis products have to be FDA-approved. Since hemp-based CBD is a new product, the FDA is starting from scratch with research and guidelines; it has said it could take a few years before a coffee shop can legally put CBD drops in your coffee or a beverage company can sell cannabis-infused beverages in states where cannabis is not legal for adult use, like New York. Legal-use states already have their own regulations for use of cannabis in food products. But for companies ready to infuse their products with CBD, the time is not yet now — unless those companies stick only to states with legal recreational markets.

## INTENTION IS REALLY IMPORTANT IN HOW THE FDA CLASSIFIES AND REGULATES HEMP.

Two herbal teas can have CBD in them, but if one is marketed for therapeutic purposes, it will have more stringent regulatory guidelines than one that is simply marketed as CBD tea. That differentiation actually spurred the FDA to send cannabis giant Curaleaf a cease-and-desist letter in July 2019. In the letter, the FDA explained that based on Curaleaf's website and social media marketing, some of its products "are intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease and/or intended to affect the structure or any function of the body" including chronic pain, anxiety or ADHD, or as dietary supplements.

So why do these businesses want to push the line on this? There is a lot of money in CBD. Infusing a product with CBD can raise its prices considerably.

## HEMP AND MARIJUANA LOOK INCREDIBLY SIMILAR.

The fact that the legal difference is in THC content, which cannot be ascertained from a glance at the plant, has created confusion for law enforcement and banks. The Idaho State Police made headlines when it announced it had confiscated a truck carrying 7,000 pounds of marijuana. Turns out, it was hemp and was perfectly legal to be transported across state lines. Some banks are also loath to offer banking services to hemp companies, because if the THC content of the plant goes above 0.3 percent, those banks could be penalized for serving a drug dealer rather than a hemp farmer. Banks don't want to have to serve as regulators in addition to providing banking services, so they avoid the hassle altogether.

## GLOSSARY:

**Hemp** — Cannabis with under 0.3 percent THC content. Federally legal, as of the 2018 farm bill.

**Marijuana** — Cannabis with over 0.3 percent THC content. Still federally illegal.



# 09

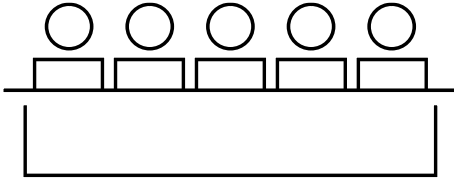
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## WHO TO KNOW ON K STREET

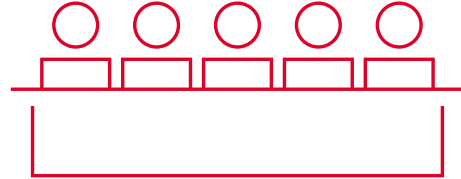


# WHO TO KNOW ON K STREET

**THE PRO-CANNABIS LOBBYING SECTOR IN WASHINGTON, D.C., IS PRIMARILY DIVIDED INTO TWO CAMPS:**



Groups that won't support any cannabis legislation that doesn't include criminal justice reform



Groups that see piecemeal legislation like The SAFE Banking ACT or STATES Act as a stepping stone toward criminal justice reform

Cannabis lobbying is a pretty new field. Some consider lobbyists who were working in this space before 2016 to be the “old guard.” Since 2016, many new trade organizations have cropped up on Capitol Hill to join this old guard: the National Organization for the Reform of Marijuana Laws, The Marijuana Policy Project and The Drug Policy Alliance. While organizations like NORML and DPA are focused on the criminal justice reform aspect of cannabis policy, some of the trade organizations – like National Cannabis Industry Association and Cannabis Trade Federation – have a more step-by-step approach to drug policy reform and are willing to push for cannabis legislation that doesn't include criminal reform language like descheduling and/or expungements.

Some of the major advocacy groups on Capitol Hill still employ their own lobbyists. NORML, DPA, MPP and Americans for Safe Access all have a lobbyist in-house. NCIA, the National Cannabis Roundtable, The California Cannabis Industry Association, CTF and The Minority Cannabis Business Association, meanwhile, employ lobbyists from established lobbying firms who either focus full-time on the cannabis industry or include it as one aspect of their portfolio.

# WHO TO KNOW ON K STREET

cont.

## GET TO KNOW SOME OF THE KEY PLAYERS:

### Justin Strekal



Lobbies for: NORML

NORML has a hand in everything, but its major focus with the federal government is on descheduling and criminal justice reform.

### Don Murphy



Lobbies for: Marijuana Policy Project

Murphy was previously a Republican state representative in Maryland, and he focuses on lobbying Republican members of Congress on cannabis issues.

### Saphira Galoob



CEO and president of the Liaison Group, which lobbies for multiple industry groups including the National Cannabis Roundtable (which includes major cannabis corporations such as Acreage Holdings and Cresco Labs), the California Industry Association and the Oregon Cannabis Association.

### Brownstein Hyatt Farber Schreck



Lobbies for: Cannabis Trade Federation

CTF is one of the deepest-pocketed trade organizations in the cannabis industry.

Lobbies for: National Cannabis Industry Association

NCIA is the main representative of the nationwide cannabis industry.

Key people at the firm include Melissa Kuipers Blake, co-chair of its cannabis practice, and former Associate Deputy Attorney General William Moschella.

### Jonathan Miller



General counsel, U.S. Hemp Roundtable. Miller is an influential voice on hemp and CBD issues. The former Kentucky state treasurer has the ear of McConnell, who has championed hemp as a boon for farmers in his home state.

### Other lobbyists to keep an eye out for on Capitol Hill:

**David Quam** of Dentons  
**Taite McDonald** of Holland & Knight  
**Ethan Pittleman** of Capitol Counsel

### Smart Approaches to Marijuana



The primary lobbying group against most — though not all — cannabis legislation. The group is against descheduling and legalization but are for decriminalization and some criminal justice reform.

Kevin Sabet is the president of SAM, and he and other staff members are active on Capitol Hill, often testifying for House and Senate panels.

# 10

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## WHO YOU SHOULD KNOW IN CONGRESS



# WHO YOU SHOULD KNOW IN CONGRESS

The contingencies of lawmakers fall in similar patterns to those of lobbyists: There is a group from states with legal marijuana whose members are the first to introduce and push for legislation that will assist their existing markets, like the STATES Act or the SAFE Banking Act; and then there is a criminal justice reform contingent, whose focus is on dismantling the war on drugs through full descheduling and expungement.

But while these two focuses are at play on Capitol Hill, many pro-cannabis lawmakers have co-signed most cannabis-related bills.

## CONGRESSIONAL CANNABIS CAUCUS:



**Rep. Earl Blumenauer (D-Ore.)**

**Represents:** Oregon's 3rd Congressional District, which includes much of Portland. Oregon has legal adult-use cannabis.

**Why he's important:** Blumenauer has been advocating for cannabis on Capitol Hill for two decades. He founded the Congressional Cannabis Caucus, and serves as its co-chair.

**Sponsors:** Two cannabis-related bills and three amendments in this Congress alone, including the State Cannabis Commerce Act and Marijuana Revenue and Regulation Act. He co-sponsors six more bills, including the REFER Act, SAFE Banking Act and VA Medicinal Cannabis Research Act.



**Rep. Jerry Nadler (D-N.Y.)**

**Represents:** New York's 10th Congressional District, which includes parts of Manhattan and Brooklyn.

**Why he's important:** Nadler is the chairman of the House Judiciary Committee, which most cannabis legislation has to pass through.

**Sponsors:** Marijuana Opportunity Reinvestment and Expungement Act of 2019, the comprehensive marijuana reform bill that many pro-cannabis lawmakers, including Blumenauer, are now focusing their efforts on. He also co-sponsors the SAFE Banking Act.

# WHO YOU SHOULD KNOW IN CONGRESS

*cont.*

## OTHER CO-CHAIRS OF THE CONGRESSIONAL CANNABIS CAUCUS:



**Rep. Barbara Lee (D-Calif.)**

**Represents:** California's 13th Congressional District, including Oakland and Berkeley.

**Why she's important:** She is a co-chair of the Congressional Cannabis Caucus.

**Sponsors:** REFER Act, RESPECT Resolution, Veterans Medical Marijuana Safe Harbor Act. Co-sponsors five other bills including the SAFE Banking Act and Nadler's comprehensive Marijuana Opportunity Reinvestment and Expungement Act of 2019.



**Rep. Don Young (R-Alaska)**

**Represents:** Alaska's at-large district. Alaska has legal adult-use cannabis.

**Why he's important:** He is a co-chair of the Congressional Cannabis Caucus and a Republican lawmaker from a legal cannabis state.

**Co-sponsors:** Veterans Cannabis Use for Safe Healing Act, SAFE Banking Act, VA Medicinal Cannabis Research Act of 2019, Sensible Enforcement of Cannabis Act of 2019.



**Rep. Dave Joyce (R - Ohio)**

**Represents:** Ohio's 14th Congressional District is in the suburbs east of Cleveland. Sales of medical marijuana began in Ohio in January.

**Why he's important:** He is a co-chair of the Congressional Cannabis Caucus and is a Republican from a state with medical marijuana.

**Co-sponsors:** The SAFE Banking Act and the Medical Cannabis Research Act of 2019.

# WHO YOU SHOULD KNOW IN CONGRESS

*cont.*

## SENATE:



**Sen. Cory Gardner (R-Colo.)**

**Represents:** Colorado, which has legal adult-use marijuana.

**Why he's important:** Gardner's legislation mostly focuses on states' rights and industry issues like banking. He is a Republican from a legal cannabis state, and he can lobby both other Republican senators and, he claims, the president. President Donald Trump has confirmed that he has discussed cannabis with Gardner on multiple occasions.



**Sen. Jeff Merkley (D-Ore.)**

**Represents:** Oregon, which has legal adult-use marijuana.

**Why he's important:** He represents a legal state and sits on the Senate Appropriations Committee.

**Sponsors:** SAFE Banking Act of 2019. Co-sponsors: MORE Act of 2019, Claims Licensing Advancement for Interstate Matters Act and Marijuana Freedom and Opportunity Act.



**Sen. Ron Wyden (D-Ore.)**

**Represents:** Oregon, which has legal adult-use marijuana.

**Why he's important:** He represents a legal state and is an influential Democrat in the Senate.



**Sen. Mike Crapo (R-Idaho)**

**Represents:** Idaho, which is one of just three states with no legal cannabis products.

**Why he's important:** The Senate Banking chairman has proven to be an enigmatic figure when it comes to cannabis banking legislation. Crapo was initially dismissive of the issue, but eventually held a committee hearing on the SAFE Banking Act and indicated he wanted to get something passed before the end of 2019. In mid-December, Crapo sent tremors through the cannabis industry when he released a laundry list of concerns about the banking bill that he wanted to see addressed. The biggest red flag for legalization backers: Crapo's suggestion of a 2 percent THC potency cap, which is far below the average potency of products sold in states with legal markets.



# WHO YOU SHOULD KNOW IN CONGRESS

*cont.*

## OTHER SENATORS WHO REGULARLY CO-SPONSOR BILLS DEALING WITH CANNABIS INDUSTRY ISSUES:



**Sen. Kevin Cramer (R-N.D.)**

**Sponsors:** The SAFE Banking Act.



**Sen. Cory Booker (D-N.J.)**

**Represents:** New Jersey, which has legalized medical marijuana and is expected to legalize recreational marijuana in the near future. An attempt to legalize it this past legislative cycle failed.

**Why he's important:** Booker is arguably the leading voice on cannabis criminal justice reform, equity within the industry and righting the impact of the war on drugs on communities of color. He brought the issue up often on the campaign trail and was one of the first senators on Capitol Hill to talk about cannabis criminal justice reform. Change "brings" to past tense in Booker's section since he dropped out of the presidential race today

**Sponsors:** Next Step Act of 2019, Marijuana Justice Act of 2019, and the Removing Marijuana from Deportable Offenses Act. Co-sponsors: MORE Act of 2019.



**Sen. Mitch McConnell (R-Ky.)**

**Represents:** Kentucky, which has not legalized medical or recreational marijuana sales but permits high-CBD, low-THC oil for specific medical uses.

**Why he's important:** The Senate majority leader controls what legislation comes up for a floor vote. That means if banking legislation — or any other cannabis bill — is going to be enacted, it will have to be with McConnell's blessing. McConnell is no fan of marijuana legalization, but he has repeatedly touted the removal of hemp from the Controlled Substances Act as scheduling a boon for Kentucky's struggling farmers. If McConnell perceives that accomplishment as threatened by the lack of access to financial services, it could change his thinking about whether to bring banking legislation to the floor.

# WHO YOU SHOULD KNOW IN CONGRESS

*cont.*

## OTHER SENATORS ON CRIMINAL JUSTICE REFORM:



**Chuck Schumer (D-N.Y.)**

**Sponsors:** The Marijuana Freedom and Opportunity Act.