

The STATES Act and What it Could Mean for Cannabis Businesses

Articles June 18, 2018

Senators Elizabeth Warren and Cory Gardner introduced the “Strengthening the Tenth Amendment Through Entrusting States Act” (“STATES”) Act – on June 7, 2018. A companion bill was introduced by Representatives Earl Blumenauer and David Joyce in the House of Representatives.

The STATES Act seeks to amend the Controlled Substances Act (“CSA”), an effort to put the control of legal state marijuana programs in the hands of the states. The proposed amendments to the CSA provide that as long as a person/persons is/are acting in compliance with their State or tribal laws relating to the manufacture, production, possession, distribution, dispensation, administration or delivery of marijuana, the provisions of the CSA will not be applicable to them.

Perhaps most importantly for cannabis business owners, the STATES Act provides that transactions that are compliant with state and tribal law are not to be considered trafficking and are not to be considered proceeds of an unlawful transaction. This provision seeks to alleviate the financial issues on cannabis business caused by the federal prohibitions in place.

Limitations imposed by the STATES Act include a prohibition on the distribution of recreational marijuana to anyone under age 21, unless for medical purposes, as well as a ban on the distribution of marijuana at transportation safety facilities (rest areas/truck stops). Prohibitions of the CSA, including the prohibition of endangering a life while manufacturing marijuana and the prohibition of employing a person under the age of 18 in drug operations would continue to remain in place.

President Trump has made statements suggesting that he would likely support the bill.

The text of the legislation that was introduced in the Senate on June 7, 2018, can be found here:
<https://www.congress.gov/bill/115th-congress/senate-bill/3032/text>

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