

Why We're Optimistic about Federal Cannabis Reform

Several reasons why 2023 is looking greener each day.

Although many pundits are predicting stalemate and/or chaos in the halls of US Congress for the next two years, being a “glass half full” kind of group, the outlook for federal cannabis reform looks pretty good to us.

Recent Success

First, let's look at all the progress towards cannabis reform that was made in 2022:

- **Legislative:** Congress passed, and the President signed, the first progressive cannabis/marijuana policy bill in decades. This new law will provide for more research on the health benefits of marijuana.
- **Executive & Administrative:** Towards the end of 2022, President Biden called for a review of the status of marijuana as a Schedule I drug. The agencies tasked with this review have already announced that they will move quickly. The President also pardoned thousands of people imprisoned due to failed drug policies.
- **Midterm Results:** The 2022 midterm results were also very positive for cannabis reform. Both Maryland and Missouri approved legalizing the adult use of cannabis, and the Democrats flipped the Senate in Minnesota, giving them full control of that state, and a clearer path towards adult-use legalization. In Pennsylvania, the Democrats picked up control of the lower house, and there is support for adult-use legalization in the upper house. Even in conservative states, such as Ohio, where adult-use will most likely be on the ballot in 2023, progressive local communities approved pro-cannabis issues.
- **Banking:** Additionally banking reform policy, which would have given the cannabis industry access to safe banking and other financial services, came within one vote of passing. This is a huge step for the industry, as it would allow for greater investment and growth.

Popular & State Level Support

Voter support for cannabis legalization is strong, with more than 90% supporting medical use, 65% supporting adult-use, and 57% supporting social equity provisions in cannabis policy. This support crosses all demographics and party lines, making it one of the few issues that both parties can find compromise.

Currently, 37 states and 90+% of the US population have access to legal medical cannabis, and 21 states and approximately 65% of the US population have access to legal adult-use cannabis. With up to five more states potentially legalizing in 2023, this number will continue to grow. This increasing pace

of state-level legalization of cannabis will put even more pressure on the federal government to act. The more states that legalize, the more pressure it will put on their representatives in D.C. to bring federal policy in line with the states.

Bipartisanship in DC - A Miracle?

There is bi-partisan support for cannabis reform and regulation in the US House and Senate. In fact, the first two bills calling for cannabis reform policy were submitted by Republican representatives, showing that this is not just a partisan issue. With the Senate being narrowly controlled by the Democrats, and the GOP controlled House closely divided as well, there is high potential for compromise in this issue. There will be pressure on both parties to “get something done” prior to the next major election in 2024. Cannabis reform is one area that has support from legislative members on both sides of the aisle, as well as strong support among voters of both parties. Two current and returning Republican members of Congress, and strong cannabis reform advocates, Nancy Mace (R-SC) and Dave Joyce (R-OH), have already spoken publicly about working on compromise cannabis legislation in the 118th Congress.

What’s Next

All of these factors point to a positive outlook for federal cannabis reform in 2023-2024. With strong voter support, bi-partisan support in Congress, and a growing number of states legalizing cannabis, it is more likely than ever that we will see significant progress towards federal reform in the near future. From our perspective, things are looking “green” for cannabis reform!

About Verde Compliance Partners

Verde Compliance Partners is a national consulting firm focused on guiding clients through federal cannabis permitting, taxation, and regulatory compliance. Our firm prepares and navigates cannabis businesses through the regulatory, legal, and administrative requirements necessary to comply with current and future federal regulations. With decades of experience in high level positions at the U.S. Treasury Department Alcohol & Tobacco Tax and Trade Bureau (TTB), and its predecessor, the Bureau of Alcohol, Tobacco, and Firearms (ATF), the Verde team is uniquely qualified to prepare cannabis industry stakeholders for the implementation of federal regulation.

Harry Bernstein - Executive Director

As general counsel of a beer and wine wholesale distributor for nearly two decades, Harry handled all legal matters including, contracts, franchise agreements, labor negotiations, as well as state and federal licensing and compliance. For the past 21 years, as an attorney, he has assisted individuals with health care matters and special needs planning, including representing clients at federal administrative hearings at the Social Security Administration.