

Question The Biden administration is moving to reclassify marijuana as a less dangerous drug as soon as Tuesday, clearing the last regulatory hurdle for a major policy change. We understand that this does not mean legalization, but what are the short-term and midterm implications of this move? Please be specific rather than general statements, and opportunities for investors and entrepreneurs?

Subject-matter Expertise Cannabis Policy, THC (Tetrahydrocannabinol), Narcotics, Cannabis, Cannabinoids

Created Date 01 May 2024 04:53PM

Takeaways

- Reclassification of cannabis could allow producers to deduct all ordinary expenses and enable banks to provide accounts to these companies, ending their cash-only operations.
- The President's decision to reclassify marijuana could reduce federal penalties, ease research restrictions, and potentially lower legal risks and insurance costs for businesses.
- Reclassification could release police resources for other crimes and increase pressure on Congress to pass the SAFE act, allowing marijuana businesses full banking services in the US.
- Biden administration's move to reclassify cannabis could open the door for broader medical cannabis options and potentially motivate young voters who favor legalization and decriminalization.
- The proposal of the US Department of Justice to reclassify marijuana could make research on the drug more widespread and impact marijuana business taxes.

Answers

President

United States of America

1 May 2024, 4:59 pm local

It means that cannabis producers can deduct all ordinary expenses. Right now, they can only deduct the cost of goods sold. Also, it will allow banks to provide accounts to cannabis companies, ending their dependence on cash to operate, and making it easier to obtain capital.

**Attorney;
President of the
Global Liberty
Alliance**United States of
America1 May 2024, 5:14 pm
local

The President's decision, a primarily political move to reclassify marijuana, lowers its Schedule from I to a less restrictive category. In the short term, this move will reduce federal penalties and could ease research restrictions, enabling more robust studies on its medical benefits and effects. Financially, businesses might see reduced legal risks and lower insurance costs, yet the primary battle will remain in the states. Midterm implications include potential adjustments in banking regulations that could make it easier for cannabis businesses to access financial services without the stigma of operating in a high-risk sector. This regulatory shift could attract more investors, drive stock prices of cannabis companies, and encourage new startups in the industry, especially in tech and product innovation. Entrepreneurs might also explore markets in edibles, wellness products, and pharmaceuticals with less fear of federal interference. This reclassification may signal a big shift in federal policy that could spur state-level reforms and create a more favorable environment for cannabis-related business and investment, one that could be overturned by Congress or other EO.

Managing PartnerUnited States of
America1 May 2024, 5:16 pm
local

The short-term implication is releasing police resources to focus on other crimes, nationally. Medium-term, this will put more pressure on Congress to pass the SAFE Act, which will allow marijuana businesses to have full banking services (checking, credit cards, loans, bond issuances, etc) in the US. Please note - this decision can easily be reversed by the next Administration (if Trump is elected), so before investors and entrepreneurs deploy significant amounts of capital, they should assess other political probabilities. I think regardless of the political outcomes, it is highly likely that marijuana usage in the US will increase among all age groups, this will (on the margin) increase the demand for other (more powerful) drugs, and increase addiction rates, so any business that sells overdose inhibitors, addiction therapy services, and similar treatments will have a structural demand increase. The truth is, all marijuana research that "proves" marijuana is not as destructive is based on the product that circulated in the US decades ago. Current market marijuana can be 5-30 times more powerful than the product used in the 1970s and 1980s, and this is the inconvenient truth in the US

**Founder and
Principal**United States of
America1 May 2024, 5:48
pm local

The Biden administration's move to reclassify cannabis is historic, but not the move cannabis activists are hoping for. In the short-term, this opens the door for broader medical cannabis options. This means more medical treatments - like the drug for epilepsy that are currently sitting in the FDA doorstep - could get the green light. This also likely opens the door for patients in states where medical cannabis is still unavailable. This also likely means cannabis options will soon be available at your local pharmacy and with less need for medical dispensaries. The FDA's preemptive authority is likely to push at least one, and likely both, of those doors open. It also means state legislatures will act quickly to pull in as much authority as they can. The short term political impact is unclear. Is this enough to motivate young voters, who are more in favor of legalization and decriminalization, to vote for Biden in November? Or will they see this as another weak effort by a weak administration. Looking at the mid-term impacts - this move is the next step towards legalization/ decriminalization. However, the only realistic path forward in the next decade is another Biden term.

Senior Energy Expert

United States of America

1 May 2024, 5:52 pm local

Short- Term Implications: 1. Research Opportunities: Easier access to marijuana for studies could lead to new medical insights and innovations. 2. Business Growth: Less federal restriction can simplify the process of obtaining licenses, potentially allowing more businesses to enter or expand in the market. 3. Financial Services: Banks might be more willing to offer financial services to marijuana-related businesses, improving their access to funding and investment opportunities. Midterm Implications: 1. Interstate Commerce: The change might pave the way for interstate sales between states where marijuana is legal, enhancing market expansion. 2. Economic Impact: Increased business could boost state tax revenues and economic growth. 3. Legal Adjustments: There might be a reevaluation of past marijuana convictions, aligning them with new, less stringent standards. Opportunities for Investors and Entrepreneurs: 1. New treatments and health products derived from cannabis could emerge as promising investment areas. 2. There's potential for technology to enhance compliance & cultivation. 3. Service businesses providing legal, security, and consulting should see new opportunities.

Managing Partner and Executive Recruiter

United States of America

1 May 2024, 8:48 pm local

The proposal of the US Department of Justice would recognize the medical usage of cannabis, but wouldn't legalize it for recreational use. Marijuana would be reclassified from Schedule I group to the less-tightly regulated Schedule III group. However, there is a long road ahead for this proposal to become law. Any such proposal must be reviewed by the White House Office of Management and Budget, and then undergo a public-comment period and review from an administrative judge - an anticipated long process. While a lot won't change from reclassifying from Schedule I to Schedule III, it would have impact in terms of making research on the drugs widespread and it would have an impact on marijuana business taxes. Due to the lengthy road anticipated on the reclassification, it is too early to assess short-term implications. On medium- and long-term implications if this goes through, there is a lot for businesses to plan for, especially those in the medical community who can start analyzing medical uses of marijuana with more support. For years, the US public has been hearing stories of cancer patients and others who believe marijuana can assist with pain providing a supportive base.