



American Trade Association for Cannabis and Hemp



Cannabis Administration and Opportunity Act Comments

September 1, 2021

The Honorable Charles E. Schumer
Senate Majority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Cory A. Booker
United States Senate
717 Hart Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
United States Senate
221 Dirksen Senate Office Building
Washington, DC 20510

RE: Cannabis Administration and Opportunity Act Discussion Draft:

Honorable Senators:

The American Trade Association for Cannabis and Hemp (ATACH) is a national cannabis industry trade organization that represents cultivators, manufacturers, retailers, ancillary businesses, and state-level permit holder associations, founded to promote the expansion, protection, regulation, and standardization of legal sales of cannabis and hemp for industrial, medical, and adult use. ATACH's memorandum of understanding organizational partnerships include over twenty state-level and national organizations.

ATACH applauds and is deeply grateful to Senator Schumer, Senator Booker, and Senator Wyden for circulating a draft of the Cannabis Administration and Opportunity Act ("CAOA") and the meaningful work undertaken by the sponsors to advance federal cannabis legalization.

Given the breadth of ATACH's membership, we formed a CAO A Task Force and instituted a comprehensive stakeholder engagement process to solicit feedback. This process is ongoing and additional resources will be forthcoming.

The following issues were preliminarily identified:

I. Federal Regulatory Authority

- A. The considerable challenges posed if the Food and Drug Administration (“FDA”) is the primary regulator
- B. The need to consider the role of Alcohol and Tobacco Tax and Trade Bureau (“TTB”) in federal regulation
- C. Concerns about FDA’s role in promulgating and enforcing regulation
- D. The appropriate agency authority to regulate the labeling of cannabis products
- E. The approval mechanisms required for cannabis product ingredients

II. Recognition of State-Level Programs

- A. The need for increased recognition and understanding of the interaction with existing state-level regulatory frameworks
- B. Federal protection and promotion of state social equity efforts
- C. The need to consider the necessary transition period to allow state governments and businesses to gain compliance with and adjust to federal regulations
- D. Contemplation of newly emerging state markets
- E. Emphasize and acknowledge the craft nature of the cannabis industry while creating space for innovation
- F. Protection of state level medical marijuana markets and patient access
- G. Avoid federal regulations or statutory operation that is disruptive of existing cannabis businesses

III. Hemp and CBD Issues

- A. Consideration for hemp derived CBD’s federal regulatory pathway for beverage, food, and dietary supplements
- B. The regulation of hemp derived intoxicating cannabinoids, including hemp derived THC
- C. The treatment of non-intoxicating cannabinoids
- D. Coverage of hemp derivatives other than/in addition to CBD
- E. Treatment of “flavored” products to account for flavors that naturally occur in hemp and cannabis

IV. Taxation

- A. Consideration of a tax rate that aids in the elimination of the illicit market
- B. Consideration of interaction and impact of federal tax on existing state and local cannabis taxes
- C. An appropriate tax structure, including at what point along the supply chain is appropriate for federal tax
- D. Issues with a potency-based tax
- E. Problems arising from a weight-based “prevailing price” tax

As ATACH provides these preliminary comments, our organization endeavors to bring together important stakeholders from across the industry. ATACH is committed to engaging in a productive dialogue toward meaningful legislation. We intend to continue our internal discussions and provide additional insight on each of the topics above.

We look forward to working with the sponsors in the historic effort to end federal cannabis prohibition.

Sincerely,



Michael L. Bronstein
President, American Trade Association for Cannabis & Hemp

ATACH Cannabis Administration and Opportunity Act Task Force:

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