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(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R. _____

To preserve lawful hemp commerce while protecting consumers from high-
THC synthetic intoxicants, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. BARR introduced the following bill; which was referred to the Committee
on _____

A BILL

To preserve lawful hemp commerce while protecting consumers from high-THC synthetic intoxicants, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Lawful Hemp Protec-
5 tion Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Protecting minors and preventing children’s
2 access to hemp products is central to the public in-
3 terest and to the long-term credibility of the hemp
4 industry. Strong age-control measures are necessary
5 to prevent misuse and safeguard public health.

6 (2) Many Americans, including veterans and
7 seniors, rely on consumer hemp products for
8 wellness. Ensuring that such products are consist-
9 ently manufactured, accurately labeled, and domesti-
10 cally sourced is essential to maintaining public trust
11 and protecting consumers.

12 (3) Clear provenance standards and the elimi-
13 nation of deceptive or look-alike products promote
14 responsible industry growth, protect consumers, and
15 reinforce confidence in lawful hemp commerce.

16 **SEC. 3. DEFINITION OF HEMP.**

17 (a) IN GENERAL.—Section 297A of the Agricultural
18 Marketing Act of 1946 (7 U.S.C. 1639o) is amended—

19 (1) by redesignating paragraphs (2) through
20 (6) as paragraphs (4) through (8), respectively; and

21 (2) by striking paragraph (1) and inserting the
22 following:

23 “(1) HEMP.—

24 “(A) IN GENERAL.—The term ‘hemp’
25 means the plant *Cannabis sativa* L. and any

1 part of that plant, including the seeds thereof
2 and all naturally occurring derivatives, extracts,
3 cannabinoids, isomers, acids, salts, and salts of
4 isomers, whether growing or not, with a total
5 tetrahydrocannabinol concentration (including
6 tetrahydrocannabinol acid) of not more than 1
7 percent on a dry weight basis.

8 “(B) INCLUSION.—Such term includes in-
9 dustrial hemp.

10 “(C) EXCLUSIONS.—Such term does not
11 include—

12 “(i) any viable seed from a *Cannabis*
13 *sativa* *L.* plant where the seed exceeds a
14 total tetrahydrocannabinol concentration
15 (including tetrahydrocannabinol acid) of
16 more than 1 percent on a dry weight basis;

17 “(ii) any intermediate hemp-derived
18 cannabinoid product containing—

19 “(I) cannabinoids that are not
20 capable of being naturally produced
21 by a *Cannabis sativa* *L.* plant; or

22 “(II) cannabinoids that are capa-
23 ble of being naturally produced by a
24 *Cannabis sativa* *L.* plant and—

1 “(aa) are produced, manu-
2 factured, or converted using
3 chemical synthesis, hydro-
4 genation, acetylation, alkylation,
5 or any other artificial process
6 that adds to, removes from, or
7 otherwise alters the molecular
8 structure of a cannabinoid so
9 that it contains one or more
10 functional groups or substituents
11 that are not present in any natu-
12 rally occurring cannabinoid con-
13 stituent of *Cannabis sativa L.*,
14 including—

15 “(AA)
16 hexahydrocannabinol
17 (HHC);

18 “(BB)
19 tetrahydrocannabinol acetate
20 (THC–O–acetate);

21 “(CC)
22 tetrahydrocannabiphorol
23 (THCP); and

24 “(DD) any other artifi-
25 cially modified analog or

1 homologue of a naturally oc-
2 curring cannabinoid, as de-
3 termined by the Secretary in
4 consultation with the Sec-
5 retary of Health and Human
6 Services; or

7 “(bb) are produced, manu-
8 factured, or converted using any
9 solvent, extraction method, or
10 other means of production deter-
11 mined by the Secretary, in con-
12 sultation with the Secretary of
13 Health and Human Services, to
14 pose a risk to the public health;

15 “(iii) any intermediate hemp-derived
16 cannabinoid product marketed or sold as a
17 final product or directly to an end con-
18 sumer for personal or household use; and

19 “(iv) any final hemp-derived
20 cannabinoid products containing—

21 “(I) cannabinoids that are not
22 capable of being naturally produced
23 by a *Cannabis sativa L.* plant; or

1 “(II) cannabinoids that are capa-
2 ble of being naturally produced by a
3 *Cannabis sativa L.* plant and—

4 “(aa) are produced, manu-
5 factured, or converted using
6 chemical synthesis, hydro-
7 genation, acetylation, alkylation,
8 or any other artificial process
9 that adds to, removes from, or
10 otherwise alters the molecular
11 structure of a cannabinoid so
12 that it contains one or more
13 functional groups or substituents
14 that are not present in any natu-
15 rally occurring cannabinoid con-
16 stituent of *Cannabis sativa L.*,
17 including—

18 “(AA)
19 hexahydrocannabinol
20 (HHC);
21 “(BB)
22 tetrahydrocannabinol acetate
23 (THC–O–acetate);

1 “(CC)
2 tetrahydrocannabiphorol
3 (THCP); and
4 “(DD) any other artifi-
5 cially modified analog or
6 homologue of a naturally oc-
7 ccurring cannabinoid, as de-
8 termined by the Secretary,
9 in consultation with the Sec-
10 retary of Health and Human
11 Services; or

12 “(bb) are produced or man-
13 ufactured using any solvent, ex-
14 traction method, or other means
15 of production determined by the
16 Secretary, in consultation with
17 the Secretary of Health and
18 Human Services, to pose a risk
19 to the public health.

20 “(2) INDUSTRIAL HEMP.—The term ‘industrial
21 hemp’ means hemp—

22 “(A) grown for the use of the stalk of the
23 plant, fiber produced from such a stalk, or any
24 other non-cannabinoid derivative, mixture, prep-
25 aration, or manufacture of such a stalk;

1 “(B) grown for the use of the whole grain,
2 oil, cake, nut, hull, or any other non-
3 cannabinoid compound, derivative, mixture,
4 preparation, or manufacture of the seeds of
5 such plant;

6 “(C) grown for purposes of producing
7 microgreens or other edible hemp leaf products
8 intended for human consumption that are de-
9 rived from an immature hemp plant that is
10 grown from seeds that do not exceed the
11 threshold for total tetrahydrocannabinol con-
12 centration specified in paragraph (1)(C)(i);

13 “(D) that is a plant that does not enter
14 the stream of commerce and is intended to sup-
15 port hemp research at an institution of higher
16 education (as defined in section 101 of the
17 Higher Education Act of 1965 (20 U.S.C.
18 1001)) or an independent research institute;

19 “(E) grown for the use of a viable seed of
20 the plant produced solely for the production or
21 manufacture of any material described in sub-
22 paragraphs (A) through (D); or

23 “(F) grown for the use of the whole plant,
24 or any part thereof, for the extraction, produc-
25 tion, or manufacture of any non-intoxicating

1 non-cannabinoid essential oil, aromatic com-
2 pound, terpene, or other non-intoxicating non-
3 cannabinoid volatile organic compound derived
4 from such plant.

5 “(3) UNFINISHED HEMP-CANNABINOID INGRE-
6 DIENT.—The term ‘unfinished hemp-cannabinoid in-
7 gredient’ means an oil, extract, concentrate, dis-
8 tillate, or other intermediate substance that—

9 “(A) that meets the criteria specified in
10 paragraph (1) to be considered hemp, except
11 that such ingredient may contain concentrations
12 of total tetrahydrocannabinol exceeding 1 per-
13 cent during processing, provided that the mate-
14 rial—

15 “(i) remains exclusively with actors or
16 entities licensed or otherwise lawfully per-
17 mitted to manufacture, transport, or store
18 the material under the Lawful Hemp Pro-
19 tection Act; and

20 “(ii) is not offered for retail sale;

21 “(B) is not for consumer use;

22 “(C) is not a finished hemp product; and

23 “(D) is produced solely for incorporation
24 into a finished cannabinoid product through
25 further processing.”.

1 (b) CONFORMING REPEAL.—Section 781 of the Agri-
2 culture, Rural Development, Food and Drug Administra-
3 tion, and Related Agency Appropriations Act, 2026 (divi-
4 sion B of Public Law 119– 37) is repealed.

5 **SEC. 4. FDA OVERSIGHT AND MILLIGRAM LIMITATIONS.**

6 (a) DEFINITIONS.—Section 201 of the Federal Food,
7 Drug, and Cosmetic Act (21 U.S.C. 321) is amended—

8 (1) in paragraph (g)(1), by adding at the end
9 the following: “Such term does not include a hemp-
10 derived cannabinoid product.”;

11 (2) in paragraph (s), in the matter preceding
12 subparagraph (1), by striking “food (including any
13 substance” and inserting “food (including industrial
14 hemp intended for human or animal use and hemp
15 seed, hemp seed oil, or hempseed protein not con-
16 taining cannabinoids, any substance”; and

17 (3) by adding at the end the following:

18 “(tt)(1) The term ‘hemp-derived cannabinoid prod-
19 uct’—

20 “(A) means any finished product for human or
21 animal use that—

22 “(i) that meets the criteria specified in
23 paragraph (1) to be considered hemp; and

24 “(ii) contains one or more cannabinoids;

1 “(B) includes a hemp-derived cannabinoid die-
2 tary supplement;

3 “(C) includes, in cases that the Secretary deter-
4 mines appropriate, an intermediate hemp-derived
5 cannabinoid product; and

6 “(D) may include ingestibles, beverages, oral
7 tinctures and sublinguals, capsules and tablets,
8 inhalables, and topicals and transdermals.

9 “(2) A hemp-derived cannabinoid product shall be
10 deemed to be a food within the meaning of this Act.

11 “(uu) The term ‘hemp-derived cannabinoid dietary
12 supplement’—

13 “(1) means a dietary supplement that—

14 “(A) is derived from hemp;

15 “(B) contains one or more cannabinoids;

16 and

17 “(C) is for ingestion in tablet, capsule,
18 softgel, gelcap, powder, gummy, chew, lozenge,
19 tincture, oil, spray, strip, or liquid form;

20 “(2) may include ingestibles, oral tinctures and
21 sublinguals, and capsules and tablets; and

22 “(3) does not include—

23 “(A) any product for inhalation, applica-
24 tion to the skin, or transdermal absorption;

1 “(B) raw, floral hemp material, an unfin-
2 ished hemp-cannabinoid ingredient, or work-in-
3 process materials;

4 “(C) industrial hemp;

5 “(D) hemp seed, hemp seed oil, or
6 hempseed protein not containing cannabinoids;
7 and

8 “(E) a product containing any cannabinoid
9 not found in, or capable of being produced in,
10 the hemp plant, as identified on the lists pub-
11 lished and updated under section 425(d).

12 “(vv) The terms ‘hemp’, ‘industrial hemp’, and ‘unfin-
13 ished hemp-cannabinoid ingredient’ have the meanings
14 given those terms in section 297A of the Agricultural Mar-
15 keting Act of 1946.

16 “(ww) The term ‘GRAS substance’ means a sub-
17 stance that is generally recognized, among experts quali-
18 fied by scientific training and experience to evaluate its
19 safety, as having been adequately shown through scientific
20 procedures (or, in the case of a substance used in food
21 prior to January 1, 1958, through either scientific proce-
22 dures or experience based on common use in food) to be
23 safe under the conditions of its intended use, as described
24 in section 201(s).”.

1 (b) PROHIBITED ACTS.—Section 301 of the Federal
2 Food, Drug, and Cosmetic Act (21 U.S.C. 331) is amend-
3 ed by adding at the end the following:

4 “(jjj) The introduction or delivery for introduction
5 into interstate commerce of a hemp-derived cannabinoid
6 product that is not derived exclusively from hemp cul-
7 tivated in the United States, processed within the United
8 States, and finished, packaged, and labeled within the
9 United States.

10 “(kkk)(1) The sale of a hemp-derived cannabinoid
11 product to any person younger than 21 years of age.

12 “(2) The possession or consumption of a hemp-de-
13 rived cannabinoid product by any person younger than 21
14 years of age.”.

15 (c) ADULTERATION.—Section 402 of the Federal
16 Food, Drug, and Cosmetic Act (21 U.S.C. 342) is amend-
17 ed by adding at the end the following:

18 “(j) If it is a hemp-derived cannabinoid product,
19 and—

20 “(1) its cannabinoid content exceeds a max-
21 imum allowable amount established under section
22 425(b);

23 “(2) it contains a cannabinoid not included on
24 the lists published and updated under section
25 425(d);

1 “(3) it is a cannabinoid hemp product for, or to
2 be used in or on, food-producing animals;

3 “(4) it contains any added substance, such as
4 alcohol, caffeine, tobacco, nicotine, or melatonin,
5 which, when combined with cannbinoids, could inter-
6 act with such cannabinoids or enhance or alter the
7 effects of such cannabinoids in a manner that is
8 harmful to the consumer, as determined by the Sec-
9 retary;

10 “(5) it contains a food additive or a GRAS sub-
11 stance, which when combined with the cannabinoids
12 in such product, could cause harm to the consumer
13 (as determined by the Secretary); or

14 “(6) it has been manufactured, processed,
15 packed, or held in any factory, warehouse, or estab-
16 lishment and the owner, operator, or agent of such
17 factory, warehouse, or establishment delays, denies,
18 or limits an inspection of, or refuses to permit entry
19 to, or inspection of, such factory, warehouse, or es-
20 tablishment.”.

21 (d) MISBRANDING.—Section 403 of the Federal
22 Food, Drug, and Cosmetic Act (21 U.S.C. 343) is amend-
23 ed by adding at the end the following:

24 “(z) If it is a hemp-derived cannabinoid product,
25 and—

1 “(1) its labeling does not adhere to the require-
2 ments under section 425(a);

3 “(2) its advertising or promotion is false or
4 misleading in any particular;

5 “(3) it is in package form, unless it bears a
6 label formatted in such manner as the Secretary
7 may prescribe by order;

8 “(4) its labeling does not bear adequate direc-
9 tions for use, or adequate warnings against use by
10 children, that are necessary for the protection of
11 users, or conform to such other requirements in all
12 respects as may be prescribed by the Secretary;

13 “(5) its labeling does not include a disclaimer
14 of risks posed by the specific cannabinoid contained
15 or purported to be contained in the product, includ-
16 ing the risk of drug test failure;

17 “(6) its labeling does not include a disclaimer
18 that the Food and Drug Administration has not de-
19 termined the product to be safe or effective for
20 treating any condition;

21 “(7) its labeling makes a claim regarding the
22 product’s effect (or lack thereof) on the structure or
23 any function of the body of humans or other ani-
24 mals;

1 “(8) it is in package form for use by humans,
2 and it contains product packaging features imitating
3 images popularly used to advertise to children or
4 otherwise market to anyone under 21 years of age,
5 including—

6 “(A) labeling depicting, or in the shape of,
7 characters (real or imaginary), animals, vehi-
8 cles, cartoons, candy, or fruit; and

9 “(B) brightly colored products and pack-
10 aging;

11 “(9) it is in package form for use in animals,
12 and its label and labeling do not contain prominently
13 placed, conspicuous—

14 “(A) warnings that the product should not
15 be used by humans; and

16 “(B) statements that the product is for use
17 in animals, including any such statements
18 specifying the intended species;

19 “(10) it was manufactured, processed, packed,
20 labeled, or held by or in an establishment that has
21 not been issued a permit under section 5902A of the
22 Internal Revenue Code of 1986;

23 “(11) it does not adhere to the uniform manu-
24 facturing and testing requirements established under
25 section 425(c) or there was a failure or refusal to

1 provide access to any records as required under
2 chapter 56 of the Internal Revenue Code of 1986;
3 or

4 “(12) it is not in compliance with such for-
5 matting requirements as the Secretary may specify
6 (such as a requirement for the use of standard and
7 uniform labeling and an identifying symbol) with re-
8 spect to any word, statement, or other information
9 the Secretary requires to appear on the label or la-
10 beling of the product.”.

11 (e) HEMP-DERIVED CANNABINOID PRODUCTS.—
12 Chapter IV of the Federal Food, Drug, and Cosmetic Act
13 (21 U.S.C. 341 et seq.) is amended by adding at the end
14 the following:

15 **“SEC. 425. HEMP-DERIVED CANNABINOID PRODUCTS.**

16 “(a) LABELING REQUIREMENTS.—A hemp-derived
17 cannabinoid product shall be considered misbranded with-
18 in the meaning of section 403(z) unless such labeling
19 meets the following requirements:

20 “(1) Its principal display panel displays, in a
21 font size not smaller than 8 points, the statement
22 ‘Contains ____ mg THC per serving and ____ mg
23 THC per package. For users 21+ only.’, where the
24 blanks shall be filled in with the applicable quantity

1 of THC in milligrams per serving and per package,
2 respectively.

3 “(2)(A) Its principal display panel bears a
4 warning statement concerning the effects of con-
5 suming hemp-derived cannabinoid products, includ-
6 ing with respect to pregnancy and impaired driving.

7 “(B) The statement under subparagraph (A)
8 shall—

9 “(i) appear in a conspicuous and promi-
10 nent location on the principal display panel;

11 “(ii) be printed in a font size not smaller
12 than 6 points, or not smaller than the smallest
13 type size used elsewhere on the label, whichever
14 is larger;

15 “(iii) appear in a color that contrasts with
16 the background on which it appears;

17 “(iv) include the words ‘GOVERNMENT
18 WARNING’ in capital letters and bold type;
19 and

20 “(v) be worded in such manner as the Sec-
21 retary, in consultation with the Surgeon Gen-
22 eral of the Public Health Service, determines
23 appropriate.

24 “(3) If it is in package form, bears a label con-
25 taining—

1 “(A) a statement on the front of the prod-
2 uct packaging indicating that the product is a
3 cannabinoid hemp product;

4 “(B)(i) the serving size; and

5 “(ii) the number of servings per package;

6 “(C) the ingredients;

7 “(D) the content per serving and per pack-
8 age of any and all cannabinoids, if present
9 above a nominal level, as determined by the
10 Secretary;

11 “(E) for products for human use, a dis-
12 claimer of the presence in the product of any
13 major food allergen, processing aid, or com-
14 pound, which the Secretary may require to be
15 disclosed;

16 “(F) a statement clearly specifying if the
17 product is intended for animal use, human use,
18 or for use by humans and animals;

19 “(G) a disclaimer of known risks to special
20 populations, including children, those who are
21 pregnant or breastfeeding, and those taking
22 drugs known to interact with the product;

23 “(H) a quick response (QR) code, any
24 other scannable mechanism, or internet address
25 that leads to a web page with testing results for

1 the cannabinoid hemp product in the form of a
2 certificate of analysis;

3 “(I) clear instructions of use, if applicable;
4 and

5 “(J) information about how to report ad-
6 verse events resulting from use of the product.

7 “(b) MAXIMUM CANNABINOID CONTENT.—

8 “(1) ESTABLISHMENT.—Not later than 12
9 months after the date of enactment of this section,
10 the Secretary shall establish, with respect to any
11 hemp-derived cannabinoid product—

12 “(A) a maximum allowable amount of total
13 cannabinoid content for such product and each
14 serving of such product; and

15 “(B) for each cannabinoid present in such
16 a product, a maximum allowable amount of
17 such cannabinoid for such product and each
18 serving of such product.

19 “(2) FREQUENCY OF REVIEW.—The Secretary
20 shall review and, as appropriate, revise the max-
21 imum allowable amounts under paragraph (1) not
22 less frequently than—

23 “(A) once every 3 years; or

24 “(B) as soon as scientific evidence war-
25 rants reconsideration.

1 “(3) RULEMAKING.—The Secretary shall estab-
2 lish and revise the maximum allowable amounts
3 under paragraph (1) through a notice-and-comment
4 rulemaking process that is informed by—

5 “(A) peer-reviewed scientific research on
6 the safety and physiological effects of individual
7 cannabinoids;

8 “(B) consumer usage data and adverse
9 event reports;

10 “(C) input from qualified medical and sci-
11 entific experts;

12 “(D) consultation with State regulatory
13 authorities with experience overseeing hemp or
14 cannabis markets; and

15 “(E) consideration of product form, in-
16 tended use, and target consumer population.

17 “(4) FAILURE TO TIMELY ESTABLISH MAXIMUM
18 ALLOWABLE AMOUNTS.—In the case that the Sec-
19 retary fails to establish the maximum allowable
20 amounts under paragraph (1) within the 12-month
21 period described in such paragraph, until such time
22 that the Secretary establishes alternative amounts,
23 the following maximum allowable amounts for total
24 tetrahydrocannabinol content shall apply:

1 “(A) With respect to a hemp-derived
2 cannabinoid product for oral consumption, 5
3 milligrams per serving.

4 “(B) With respect to an inhalable hemp-
5 derived cannabinoid product, 50 milligrams per
6 serving.

7 “(C) With respect to a topical hemp-de-
8 rived cannabinoid product, 50 milligrams per
9 serving.

10 “(c) MANUFACTURE AND TESTING.—

11 “(1) ESTABLISHMENT.—The Secretary shall es-
12 tablish such uniform manufacturing and testing re-
13 quirements for hemp-derived cannabinoid products
14 (including intermediate hemp-derived cannabinoid
15 products) as the Secretary determines to be nec-
16 essary. Such requirements shall include the fol-
17 lowing:

18 “(A) Manufacturing and testing require-
19 ments for key components, potential contami-
20 nants, and cannabinoid content.

21 “(B) A requirement that each such prod-
22 uct be tested by a laboratory accredited to ISO/
23 IEC 17025—

1 “(i) following post-harvest processing,
2 extraction, or any other manipulation, as
3 determined by the Secretary; and

4 “(ii) when the product is in the form
5 in which it is to be sold to a consumer.

6 “(2) RELIANCE ON STANDARD-SETTING BOD-
7 IES.—In establishing the uniform manufacturing
8 and testing requirements under paragraph (1), the
9 Secretary may recognize and rely on standards de-
10 veloped by appropriate standard-setting bodies that
11 have relevant expertise and are subject to third-
12 party auditing.

13 “(3) INSPECTION OF RECORDS.—The Secretary
14 may inspect such records as may be necessary to de-
15 termine compliance with the uniform manufacturing
16 and testing requirements under paragraph (1).

17 “(d) PUBLICATION OF LIST.—

18 “(1) IN GENERAL.—Not later than 90 days
19 after the date of the enactment of the Lawful Hemp
20 Production Act, the Secretary, in consultation with
21 other relevant Federal agencies, shall publish—

22 “(A) a list of all cannabinoids known to
23 the Secretary to be capable of being naturally
24 produced by a *Cannabis sativa L.* plant, as re-
25 flected in peer reviewed literature; and

1 “(B) a list of all tetrahydrocannabinol
2 class cannabinoids known to the Secretary to be
3 naturally occurring in the plant.

4 “(2) UPDATES.—The Secretary shall periodi-
5 cally review and update the lists under subpara-
6 graphs (A) and (B) of paragraph (1).”.

7 (f) APPLICABILITY.—The amendments made by this
8 section shall only apply with respect to hemp and any
9 products derived from or containing hemp, including in-
10 dustrial hemp, hemp-derived cannabinoid products, and
11 unfinished hemp-cannabinoid ingredients introduced or
12 delivered for introduction into interstate commerce on or
13 after the date that is 180 days after the date of enactment
14 of this Act.

15 **SEC. 5. ALLOWING COVERAGE OF HEMP-DERIVED**
16 **CANNABINOID PRODUCTS UNDER MEDICARE**
17 **ADVANTAGE AS A SPECIAL SUPPLEMENTAL**
18 **BENEFIT FOR THE CHRONICALLY ILL; CODI-**
19 **FYING SUBSTANCE ACCESS BENEFICIARY EN-**
20 **GAGEMENT INCENTIVE.**

21 (a) MEDICARE ADVANTAGE SPECIAL SUPPLE-
22 MENTAL BENEFIT FOR THE CHRONICALLY ILL.—Section
23 1852(a)(3)(D)(ii) of the Social Security Act (42 U.S.C.
24 1395w–22(a)(3)(D)(ii)) is amended by adding at the end
25 the following new subclause:

1 “(III) INCLUSION OF HEMP-DE-
2 RIVED CANNABINOID PRODUCTS.—Be-
3 ginning with respect to the first plan
4 year beginning after the date of enact-
5 ment of this subclause, an MA plan
6 may, in accordance with such criteria
7 as the Secretary may specify, include
8 as a supplemental benefit under this
9 subparagraph coverage of a hemp-de-
10 rived cannabinoid product (as defined
11 in section 201(tt) of the Federal
12 Food, Drug, and Cosmetic Act).”.

13 (b) SUBSTANCE ACCESS BENEFICIARY ENGAGEMENT
14 INCENTIVE UNDER CMI MODELS.—Section 1115A of the
15 Social Security Act (42 U.S.C. 1315a) is amended by add-
16 ing at the end the following new subsection:

17 “(h) SUBSTANCE ACCESS BENEFICIARY ENGAGE-
18 MENT INCENTIVE.—

19 “(1) IN GENERAL.—Beginning on the date that
20 is 1 year after the date of enactment of this sub-
21 section, a provider of services or supplier partici-
22 pating in a specified model may, in accordance with
23 such criteria as the Secretary shall specify, offer an
24 applicable individual receiving items or services from

1 such provider or supplier a beneficiary engagement
2 incentive consisting of—

3 “(A) consultation regarding the possible
4 use of hemp-derived cannabinoid products (as
5 defined in section 201(tt) of the Federal Food,
6 Drug, and Cosmetic Act); and

7 “(B) subject to such limits as the Sec-
8 retary shall specify, the provision of such hemp-
9 derived cannabinoid products.

10 “(2) SPECIFIED MODEL.—For purposes of
11 paragraph (1), a specified model is a model tested
12 under this section for which the Secretary deter-
13 mines that the beneficiary engagement incentive de-
14 scribed in such paragraph is appropriate.”.

15 **SEC. 6. TAXES ON HEMP-DERIVED CANNABINOID PROD-**
16 **UCTS AND RELATED REQUIREMENTS.**

17 (a) IN GENERAL.—Subtitle E of the Internal Rev-
18 enue Code of 1986 is amended by adding at the end the
19 following new chapter:

20 **“CHAPTER 56—HEMP-DERIVED**
21 **CANNABINOID PRODUCTS**

 “SUBCHAPTER A—DEFINITIONS; TAXES

 “SUBCHAPTER B—QUALIFICATION REQUIREMENTS FOR MANUFACTURERS OF
 HEMP-DERIVED CANNABINOID PRODUCTS AND WHOLESALERS OF HEMP-DE-
 RIVED BEVERAGES

 “SUBCHAPTER C—OPERATIONS BY MANUFACTURERS OF HEMP-DERIVED
 CANNABINOID PRODUCTS AND WHOLESALERS OF HEMP-DERIVED BEVERAGES

 “SUBCHAPTER D—DISTRIBUTION SYSTEM FOR HEMP-DERIVED BEVERAGES

“SUBCHAPTER E—GENERAL PROVISIONS RELATING TO HEMP-DERIVED
CANNABINOID PRODUCTS

“SUBCHAPTER F—MISCELLANEOUS GENERAL PROVISIONS

“SUBCHAPTER G—PENALTIES

1 **“Subchapter A—Definitions; Taxes**

“Sec. 5900. Definitions.

“Sec. 5901. Tax on hemp-derived beverages.

“Sec. 5901A. Tax on hemp-derived cannabinoid products.

“Sec. 5901B. Tax on sales revenue of manufacturers of hemp-derived
cannabinoid products.

“Sec. 5901C. Method of collecting tax.

2 **“SEC. 5900. DEFINITIONS.**

3 “When used in this chapter—

4 “(1) HEMP-DERIVED CANNABINOID PROD-
5 UCT.—The term ‘hemp-derived cannabinoid product’
6 has the meaning given such term in section 201 of
7 the Federal Food, Drug, and Cosmetic Act. Except
8 as otherwise provided in this chapter, such term in-
9 cludes hemp-derived beverages.

10 “(2) HEMP-DERIVED BEVERAGE.—The term
11 ‘hemp-derived beverage’ means a hemp-derived
12 cannabinoid product which is a non-alcoholic bev-
13 erage intended for human consumption.

14 “(3) REMOVED FOR CONSUMPTION OR SALE.—
15 The term ‘removed for consumption or sale’ means
16 any removal of a hemp-derived cannabinoid product
17 from the premises of the manufacturer of such prod-
18 uct.

19 “(4) MANUFACTURER.—

1 “(A) IN GENERAL.—The term ‘manufac-
2 turer’, when used with respect to hemp-derived
3 cannabinoid products, means any person who—

4 “(i) is engaged in the business of pre-
5 paring, processing, modifying, or manipu-
6 lating hemp, including any unfinished
7 hemp-cannabinoid ingredient, to produce
8 such products for purposes of wholesale or
9 retail distribution, and

10 “(ii) has a permit to engage in such
11 business under subchapter B.

12 “(B) HEMP; UNFINISHED HEMP-
13 CANNABINOID INGREDIENT.—For purposes of
14 subparagraph (A), the terms ‘hemp’ and ‘unfin-
15 ished hemp-cannabinoid ingredient’ have the
16 meanings given such terms in section 297A of
17 the Agricultural Marketing Act of 1946.

18 “(5) WHOLESALER.—The term ‘wholesaler’,
19 when used with respect to hemp-derived beverages,
20 means any person who is engaged in the business of
21 purchasing such beverages for resale at wholesale
22 and has a permit to engage in such business under
23 subchapter B.

24 “(6) RETAILER.—The term ‘retailer’, when
25 used with respect to hemp-derived beverages, means

1 any person who is engaged in the business of pur-
2 chasing such beverages for resale to consumers.

3 **“SEC. 5901. TAX ON HEMP-DERIVED BEVERAGES.**

4 “(a) IMPOSITION AND RATE OF TAX.—

5 “(1) IN GENERAL.—A tax is hereby imposed on
6 all hemp-derived beverages produced, and removed
7 for consumption or sale, within the United States.
8 The rate of such tax with respect to each hemp-de-
9 rived beverage shall be 5 cents on each milligram of
10 tetrahydrocannabinol in such beverage.

11 “(2) ILLEGALLY PRODUCED HEMP-DERIVED
12 BEVERAGES.—Any hemp-derived beverage which is
13 produced at any place in the United States, on the
14 premises of any person who does not have a permit
15 under subchapter B, shall be subject to tax at the
16 rate prescribed in paragraph (1).

17 “(b) DETERMINATION AND COLLECTION OF TAX.—

18 “(1) IN GENERAL.—The tax imposed by sub-
19 section (a)(1) on a hemp-derived beverage shall be—

20 “(A) determined at the time such beverage
21 is removed for consumption or sale, and

22 “(B) paid by the manufacturer of such
23 beverage in accordance with section 5901C.

24 “(2) ILLEGALLY PRODUCED HEMP-DERIVED
25 BEVERAGES.—The tax imposed by subsection (a)(2)

1 on a hemp-derived beverage shall be due and payable
2 immediately upon production.

3 “(c) APPLICABILITY OF OTHER PROVISIONS OF
4 LAW.—All administrative and penal provisions of this
5 title, insofar as applicable, shall apply to any tax imposed
6 by subsection (a).

7 **“SEC. 5901A. TAX ON HEMP-DERIVED CANNABINOID PROD-**
8 **UCTS.**

9 “(a) IMPOSITION AND RATE OF TAX.—

10 “(1) IN GENERAL.—A tax is hereby imposed on
11 all hemp-derived cannabinoid products (other than
12 hemp-derived beverages) produced, and removed for
13 consumption or sale, within the United States. The
14 rate of such tax with respect to each hemp-derived
15 cannabinoid product shall be the amount equal to 5
16 percent of the price for which such product is sold.

17 “(2) ILLEGALLY PRODUCED HEMP-DERIVED
18 CANNABINOID PRODUCTS.—Any hemp-derived
19 cannabinoid product (other than a hemp-derived bev-
20 erage) which is produced at any place in the United
21 States, on the premises of any person who does not
22 have a permit under subchapter B, shall be subject
23 to tax at the rate prescribed in paragraph (1).

24 “(b) DETERMINATION AND COLLECTION OF TAX.—

1 “(1) IN GENERAL.—The tax imposed by sub-
2 section (a)(1) on a hemp-derived cannabinoid prod-
3 uct shall be—

4 “(A) determined at the time such product
5 is removed for consumption or sale, and

6 “(B) paid by the manufacturer of such
7 product in accordance with section 5901C.

8 “(2) ILLEGALLY PRODUCED HEMP-DERIVED
9 CANNABINOID PRODUCTS.—The tax imposed by sub-
10 section (a)(2) on a hemp-derived cannabinoid prod-
11 uct shall be due and payable immediately upon pro-
12 duction.

13 “(c) APPLICABILITY OF OTHER PROVISIONS OF
14 LAW.—All administrative and penal provisions of this
15 title, insofar as applicable, shall apply to any tax imposed
16 by subsection (a).

17 **“SEC. 5901B. TAX ON SALES REVENUE OF MANUFACTURERS**
18 **OF HEMP-DERIVED CANNABINOID PROD-**
19 **UCTS.**

20 “(a) IMPOSITION AND RATE OF TAX.—A tax is here-
21 by imposed on all manufacturers of hemp-derived
22 cannabinoid products. The rate of such tax with respect
23 to each manufacturer shall be the amount equal to 5 per-
24 cent of the sales revenue of such manufacturer for the tax-
25 able year.

1 “(b) SALES REVENUE DEFINED.—For purposes of
2 this section, the term ‘sales revenue’ means the gross re-
3 cepts from the sale of hemp-derived cannabinoid products.

4 “(c) DETERMINATION AND COLLECTION OF TAX.—
5 The tax imposed by subsection (a) on a manufacturer of
6 hemp-derived cannabinoid products shall be—

7 “(1) determined at the close of the taxable year,
8 and

9 “(2) paid by such manufacturer in accordance
10 with section 5901C.

11 “(d) APPLICABILITY OF OTHER PROVISIONS OF
12 LAW.—All administrative and penal provisions of this
13 title, insofar as applicable, shall apply to any tax imposed
14 by subsection (a).

15 **“SEC. 5901C. METHOD OF COLLECTING TAX.**

16 “(a) COLLECTION BY RETURN.—The taxes imposed
17 by this subchapter shall be collected on the basis of a re-
18 turn. The Secretary shall by regulation prescribe the pe-
19 riod or event for which such return shall be filed, the time
20 for filing such return, the information to be furnished on
21 such return, and the time for payment of such taxes.

22 “(b) EXCEPTIONS.—Notwithstanding subsection (a),
23 any tax imposed by section 5901(a)(2) or section
24 5901A(a)(2) shall be immediately due and payable at the
25 time provided by such provisions. Such tax shall be as-

1 sessed and collected by the Secretary on the basis of the
2 information available to the Secretary in the same manner
3 as taxes payable by return but with respect to which no
4 return has been filed.

5 “(c) ASSESSMENT.—If any tax imposed by this sub-
6 chapter is not paid in full at the time required for such
7 payment, it shall be the duty of the Secretary, subject to
8 the limitations prescribed in section 6501, on proof satis-
9 factory to the Secretary, to determine the amount of tax
10 which has been omitted to be paid, and to make an assess-
11 ment therefor against the person liable for the tax. The
12 tax so assessed shall be in addition to the penalties im-
13 posed by law for failure to pay such tax when required.

14 **“Subchapter B—Qualification Requirements**
15 **for Manufacturers of Hemp-derived**
16 **Cannabinoid Products and Wholesalers of**
17 **Hemp-derived Beverages**

“Sec. 5902. Application for permit.

“Sec. 5902A. Permit.

“Sec. 5902B. Judicial review.

18 **“SEC. 5902. APPLICATION FOR PERMIT.**

19 “Every person, before commencing business as a
20 manufacturer of hemp-derived cannabinoid products, or
21 wholesaler of hemp-derived beverages, and at such other
22 time as the Secretary shall by regulation prescribe, shall
23 make application for the permit provided for in section
24 5902A. The application shall be in such form as the Sec-

1 retary shall prescribe and shall set forth, truthfully and
2 accurately, the information called for on such form. Such
3 application may be rejected and the permit denied if the
4 Secretary, after notice and opportunity for hearing, finds
5 that—

6 “(1) the premises on which it is proposed to
7 conduct the business are not adequate to protect the
8 revenue, or

9 “(2) such person (or any person required by
10 regulation to be listed in the application)—

11 “(A) is not likely to maintain operations in
12 compliance with this chapter,

13 “(B) has been convicted of a felony viola-
14 tion of any provision of Federal or State crimi-
15 nal law relating to hemp-derived cannabinoid
16 products, or

17 “(C) has failed to disclose any material in-
18 formation required or made any material false
19 statement in the application.

20 **“SEC. 5902A. PERMIT.**

21 “(a) **ISSUANCE.**—A person shall not engage in busi-
22 ness as a manufacturer of hemp-derived cannabinoid prod-
23 ucts, or wholesaler of hemp-derived beverages, without a
24 permit to engage in such business. Such permit, condi-
25 tioned upon compliance with this chapter and regulations

1 prescribed thereunder, shall be issued, in such form and
2 in such manner as the Secretary shall by regulation pre-
3 scribe, to every person properly qualified under section
4 5902. A new permit may be required at such other time
5 as the Secretary shall by regulation prescribe.

6 “(b) SUSPENSION OR REVOCATION.—

7 “(1) SHOW CAUSE HEARING.—If the Secretary
8 has reason to believe that any person holding a per-
9 mit—

10 “(A) has not in good faith complied with
11 this chapter, or with any other provision of this
12 title involving intent to defraud,

13 “(B) has violated the conditions of such
14 permit,

15 “(C) has failed to disclose any material in-
16 formation required or made any material false
17 statement in the application for such permit,

18 “(D) has failed to maintain the premises
19 in such manner as to protect the revenue,

20 “(E) is, by reason of previous or current
21 legal proceedings involving a felony violation of
22 any other provision of Federal criminal law re-
23 lating to hemp-derived cannabinoid products,
24 not likely to maintain operations in compliance
25 with this chapter, or

1 “(F) has been convicted of a felony viola-
2 tion of any provision of Federal or State crimi-
3 nal law relating to hemp-derived cannabinoid
4 products,

5 the Secretary shall issue an order, stating the facts
6 charged, citing such person to show cause why the
7 permit should not be suspended or revoked.

8 “(2) ACTION FOLLOWING HEARING.—If, after a
9 hearing, the Secretary finds that such person has
10 not shown cause why the permit should not be sus-
11 pended or revoked, such permit shall be suspended
12 for such period as the Secretary deems proper or
13 shall be revoked.

14 **“SEC. 5902B. JUDICIAL REVIEW.**

15 “If the Secretary denies a person a permit under sec-
16 tion 5902, or suspends or revokes the permit of a person
17 under section 5902A, such person may obtain judicial re-
18 view by filing in the United States Court of Appeals for
19 the circuit wherein the person resides or has the person’s
20 principal place of business, or in the United States Court
21 of Appeals for the District of Columbia, within 60 days
22 after such denial, suspension, or revocation, as the case
23 may be. Any findings of fact by the Secretary, if supported
24 by substantial evidence, shall be conclusive.

1 **“Subchapter C—Operations by Manufactur-**
2 **ers of Hemp-derived Cannabinoid Prod-**
3 **ucts and Wholesalers of Hemp-derived**
4 **Beverages**

“Sec. 5903. Inventories.

“Sec. 5903A. Reports.

“Sec. 5903B. Packages, marks, labels, and notices.

5 **“SEC. 5903. INVENTORIES.**

6 “Every manufacturer of hemp-derived cannabinoid
7 products, and every wholesaler of hemp-derived beverages,
8 shall make a true and accurate inventory at the time of
9 commencing business, at the time of concluding business,
10 and at such other times, in such manner and form, and
11 to include such items, as the Secretary shall by regulation
12 prescribe. Such inventories shall be subject to verification
13 by any internal revenue officer.

14 **“SEC. 5903A. REPORTS.**

15 “Every manufacturer of hemp-derived cannabinoid
16 products, and every wholesaler of hemp-derived beverages,
17 shall make reports containing such information, in such
18 form, at such times, and for such periods as the Secretary
19 shall by regulation prescribe.

20 **“SEC. 5903B. PACKAGES, MARKS, LABELS, AND NOTICES.**

21 “Every hemp-derived cannabinoid product shall, be-
22 fore such product is removed for consumption or sale, be
23 put up in such package and bear the marks, labels, and
24 notices, if any, that the Secretary by regulation prescribes.

1 **“Subchapter D—Distribution System for**
2 **Hemp-derived Beverages**

“Sec. 5904. Distribution system.

3 **“SEC. 5904. DISTRIBUTION SYSTEM.**

4 “The Secretary shall prescribe regulations to estab-
5 lish and implement a three-tiered distribution system for
6 hemp-derived beverages. Such regulations shall, at a min-
7 imum, require the following:

8 “(1) TIER 1—MANUFACTURERS.—A manufac-
9 turer of hemp-derived beverages may only sell or
10 transfer such beverages to a wholesaler of hemp-de-
11 rived beverages.

12 “(2) TIER 2—WHOLESALEERS.—A wholesaler of
13 hemp-derived beverages may only—

14 “(A) purchase such beverages from a man-
15 ufacturer of hemp-derived beverages, and

16 “(B) sell or transfer such beverages to a
17 retailer of hemp-derived beverages.

18 “(3) TIER 3—RETAILERS.—A retailer of hemp-
19 derived beverages may only purchase such beverages
20 from a wholesaler of hemp-derived beverages.

21 No person may hold permits under subchapter B as both
22 a manufacturer of hemp-derived beverages and a whole-
23 saler of hemp-derived beverages, and no person may hold
24 any interest, directly or indirectly, in more than one tier.

1 The separation among the three tiers shall be strictly
2 maintained.

3 **“Subchapter E—General Provisions Relating**
4 **to Hemp-derived Cannabinoid Products**

“Sec. 5905. Records to be maintained.

“Sec. 5905A. Right of entry and examination.

“Sec. 5905B. Purchase, receipt, possession, or sale of hemp-derived beverages
after removal.

“Sec. 5905C. Restrictions relating to marks, labels, notices, and packages.

5 **“SEC. 5905. RECORDS TO BE MAINTAINED.**

6 “Every manufacturer of hemp-derived cannabinoid
7 products, and every wholesaler of hemp-derived beverages,
8 shall keep such records in such manner as the Secretary
9 shall by regulation prescribe.

10 **“SEC. 5905A. RIGHT OF ENTRY AND EXAMINATION.**

11 “The Secretary may, during business hours, enter the
12 premises of any manufacturer of hemp-derived
13 cannabinoid products, or wholesaler of hemp-derived bev-
14 erages, for the purpose of examining—

15 “(1) any records required under section 5905,
16 or

17 “(2) any hemp-derived cannabinoid products
18 stored on such premises.

19 **“SEC. 5905B. PURCHASE, RECEIPT, POSSESSION, OR SALE**
20 **OF HEMP-DERIVED CANNABINOID PRODUCTS**
21 **AFTER REMOVAL.**

22 “(a) RESTRICTION.—No person shall—

1 “(1) with intent to defraud the United States,
2 purchase, receive, possess, offer for sale, or sell or
3 otherwise dispose of, any hemp-derived cannabinoid
4 product (after such product has been removed for
5 consumption or sale) upon which the tax has not
6 been paid or determined in the manner and at the
7 time prescribed by this chapter or regulations there-
8 under,

9 “(2) with intent to defraud the United States,
10 purchase, receive, possess, offer for sale, or sell or
11 otherwise dispose of, any hemp-derived cannabinoid
12 product (after such product has been removed for
13 consumption or sale) which is not put up in a pack-
14 age as required under section 5903B or which is put
15 up in a package not bearing the marks, labels, and
16 notices required under such section, or

17 “(3) otherwise than with intent to defraud the
18 United States, purchase, receive, possess, offer for
19 sale, or sell or otherwise dispose of, any hemp-de-
20 rived cannabinoid product (after such product has
21 been removed for consumption or sale) which is not
22 put up in a package as required under section
23 5903B or which is put up in a package not bearing
24 the marks, labels, and notices required under such
25 section.

1 Paragraph (3) shall not prevent the sale or delivery of
2 hemp-derived cannabinoid products directly to consumers
3 from proper packages, nor apply to such products when
4 so sold or delivered.

5 “(b) LIABILITY TO TAX.—Any person who possesses
6 hemp-derived cannabinoid products in violation of sub-
7 section (a)(1) or (a)(2) shall be liable for a tax equal to
8 the tax on such products, as applicable under subchapter
9 A.

10 **“SEC. 5905C. RESTRICTIONS RELATING TO MARKS, LABELS,**
11 **NOTICES, AND PACKAGES.**

12 “No person shall, with intent to defraud the United
13 States, destroy, obliterate, or detach any mark, label, or
14 notice prescribed or authorized, by this chapter or regula-
15 tions thereunder, to appear on, or be affixed to, any pack-
16 age of hemp-derived cannabinoid products before such
17 package is emptied.

18 **“Subchapter F—Miscellaneous General**
19 **Provisions**

“Sec. 5906. Regulations.

“Sec. 5906A. Application of State laws.

20 **“SEC. 5906. REGULATIONS.**

21 “The Secretary shall prescribe such regulations or
22 other guidance as may be necessary or appropriate to
23 carry out the purposes of this chapter.

1 **“SEC. 5906A. APPLICATION OF STATE LAWS.**

2 “Compliance with this chapter with respect to car-
3 rying on any trade or business shall not be held to exempt
4 any person from any penalty or punishment provided by
5 the laws of any State for carrying on such trade or busi-
6 ness within such State, or in any manner to authorize the
7 commencement or continuance of such trade or business
8 contrary to the laws of such State; nor shall the payment
9 of any tax imposed by this chapter be held to prohibit any
10 State from placing a tax on the same trade or business
11 for State or other purposes.

12 **“Subchapter G—Penalties**

 “Sec. 5907. Civil penalties.

 “Sec. 5907A. Criminal penalties.

13 **“SEC. 5907. CIVIL PENALTIES.**

14 “(a) OMITTING THINGS REQUIRED OR DOING
15 THINGS FORBIDDEN.—Whoever willfully omits, neglects,
16 or refuses to comply with any tax imposed by this chapter,
17 or to do, or cause to be done, any of the things required
18 by this chapter, or does anything prohibited by this chap-
19 ter, shall, in addition to any other penalty provided in this
20 title, be liable to a penalty of \$1,000 for each such omis-
21 sion or commission.

22 “(b) FAILURE TO PAY TAX.—Whoever fails to pay
23 any tax imposed by this chapter at the time prescribed
24 by law or regulations, shall, in addition to any other pen-

1 alty provided in this title, be liable to a penalty of 5 per-
2 cent of the tax due but unpaid.

3 “(c) APPLICABILITY OF SECTION 6665.—The pen-
4 alties imposed by this section shall be assessed, collected,
5 and paid in the same manner as taxes, as provided in sec-
6 tion 6665(a).

7 **“SEC. 5907A. CRIMINAL PENALTIES.**

8 “(a) FRAUDULENT OFFENSES.—Whoever, with in-
9 tent to defraud the United States—

10 “(1) ENGAGING IN BUSINESS UNLAWFULLY.—
11 Engages in business as a manufacturer of hemp-de-
12 rived cannabinoid products, or wholesaler of hemp-
13 derived beverages, without obtaining the permit re-
14 quired by this chapter or regulations thereunder, or

15 “(2) FAILING TO FURNISH INFORMATION OR
16 FURNISHING FALSE INFORMATION.—Fails to keep or
17 make any record, return, report, or inventory, or
18 keeps or makes any false or fraudulent record, re-
19 turn, report, or inventory, required by this chapter
20 or regulations thereunder, or

21 “(3) REFUSING TO PAY OR EVADING TAX.—Re-
22 fuses to pay any tax imposed by this chapter, or at-
23 tempts in any manner to evade or defeat the tax or
24 the payment thereof, or

1 “(4) REMOVING HEMP-DERIVED CANNABINOID
2 PRODUCTS UNLAWFULLY.—Removes for consump-
3 tion or sale, contrary to this chapter or regulations
4 thereunder, any hemp-derived cannabinoid product
5 subject to tax under this chapter, or

6 “(5) PURCHASING, RECEIVING, POSSESSING, OR
7 SELLING HEMP-DERIVED CANNABINOID PRODUCTS
8 UNLAWFULLY.—Violates any provision of section
9 5905B(a)(1) or (a)(2), or

10 “(6) DESTROYING, OBLITERATING, OR DETACH-
11 ING MARKS, LABELS, OR NOTICES BEFORE PACK-
12 AGES ARE EMPTIED.—Violates any provision of
13 5905C,

14 shall, for each such offense, be fined not more than
15 \$10,000, or imprisoned not more than 5 years, or both.

16 “(b) OTHER OFFENSES.—Whoever, otherwise than
17 as provided in subsection (a), violates any provision of this
18 chapter, or of regulations prescribed thereunder, shall, for
19 each such offense, be fined not more than \$1,000, or im-
20 prisoned not more than 1 year, or both.”.

21 (b) TRUST FUND FOR OVERSIGHT OF HEMP-DE-
22 RIVED CANNABINOID PRODUCTS.—Subchapter A of chap-
23 ter 98 of such Code is amended by adding at the end the
24 following new section:

1 **“SEC. 9512. TRUST FUND FOR OVERSIGHT OF HEMP-DE-**
2 **RIVED CANNABINOID PRODUCTS.**

3 “(a) CREATION OF TRUST FUND.—There is hereby
4 established in the Treasury of the United States a trust
5 fund to be known as the ‘Trust Fund for Oversight of
6 Hemp-derived Cannabinoid Products’, consisting of such
7 amounts as may be appropriated to such Trust Fund as
8 provided in this section.

9 “(b) TRANSFER TO TRUST FUND OF AMOUNTS
10 EQUIVALENT TO CERTAIN TAXES.—There are hereby ap-
11 propriated to the Trust Fund for Oversight of Hemp-de-
12 rived Cannabinoid Products amounts equivalent to the
13 taxes received in the Treasury under sections 5901A and
14 5901B.

15 “(c) EXPENDITURES FROM TRUST FUND.—Amounts
16 in the Trust Fund for Oversight of Hemp-derived
17 Cannabinoid Products shall be available, without further
18 appropriation, to the Secretary for making expenditures—

19 “(1) to carry out the requirements of chapter
20 56,

21 “(2) to administer or conduct oversight of any
22 hemp commerce regulatory program, as authorized
23 by law,

24 “(3) to carry out any consumer protection ac-
25 tivities related to hemp-derived cannabinoid prod-
26 ucts, as authorized by law, and

1 “(4) to support States that cooperate with the
2 Secretary in carrying out the requirements of chap-
3 ter 56.

4 “(d) ANNUAL REPORT TO CONGRESS.—The Sec-
5 retary shall submit an annual report to Congress and in-
6 clude in such report with respect to the preceding year—

7 “(1) the amounts appropriated to the Trust
8 Fund for Oversight of Hemp-derived Cannabinoid
9 Products under subsection (b), and

10 “(2) any expenditures made from such Trust
11 Fund under subsection (c).”.

12 (c) HIGHWAY TRUST FUND.—Section 9503 of such
13 Code is amended by adding at the end the following new
14 subsection:

15 “(g) ZERO-TOLERANCE FOR IMPAIRED DRIVING.—
16 There are hereby appropriated into the Highway Trust
17 Fund amounts equivalent to 1 percent of the total taxes
18 received in the Treasury each year under section 5901 (re-
19 lating to taxes on hemp-derived beverages). Such amounts
20 shall be available for making expenditures to support
21 State-level enforcement, training, and testing technologies
22 related to the zero-tolerance for impaired driving stand-
23 ards described in section 180 of title 23, United States
24 Code.”.

1 (d) DISCLOSURE OF RETURNS AND RETURN INFOR-
2 MATION.—Section 6103(l) of such Code is amended by
3 adding at the end the following new paragraph:

4 “(23) DISCLOSURE OF RETURNS AND RETURN
5 INFORMATION TO FEDERAL, STATE, TRIBAL, AND
6 LOCAL AGENCIES ADMINISTERING OR ENFORCING
7 HEMP LAWS.—

8 “(A) IN GENERAL.—Returns and return
9 information with respect to taxes imposed by
10 chapter 56 may be open to inspection by, or
11 disclosure to, any Federal, State, tribal, or local
12 agency charged under any Federal, State, trib-
13 al, or local hemp law with responsibility for the
14 administration or enforcement of such law for
15 the purpose of, and only to the extent necessary
16 in, the administration or enforcement of such
17 law. However, such returns and return informa-
18 tion shall not be so disclosed if the Secretary
19 determines that such disclosure would seriously
20 impair Federal tax administration.

21 “(B) PUBLIC INFORMATION.—The Sec-
22 retary shall make publicly available the name
23 and business address of each manufacturer of
24 hemp-derived cannabinoid products and each
25 wholesaler of hemp-derived beverages.

1 “(C) DEFINITIONS.—Any term used in
2 this paragraph which is also used in chapter 56
3 shall have the same meaning for purposes of
4 this paragraph as when used in such chapter.”.

5 (e) CONFORMING AMENDMENTS.—

6 (1) Section 6091(b)(6) of such Code is amend-
7 ed—

8 (A) by striking “and firearms” and insert-
9 ing “firearms, and hemp-derived cannabinoid
10 products”, and

11 (B) in the heading thereof, by striking
12 “AND FIREARMS” and inserting “FIREARMS,
13 AND HEMP-DERIVED CANNABINOID PRODUCTS”.

14 (2) Section 7613(a)(2) of such Code is amended
15 by striking “and firearms” and inserting “firearms,
16 and hemp-derived cannabinoid products”.

17 (3) The table of chapters for subtitle E of such
18 Code is amended by adding at the end the following
19 new item:

 “CHAPTER 56—HEMP-DERIVED CANNABINOID PRODUCTS”.

20 (4) The table of sections for subchapter A of
21 chapter 98 of such Code is amended by adding at
22 the end the following new item:

 “Sec. 9512. Trust Fund for Oversight of Hemp-derived Cannabinoid Prod-
 ucts.”.

1 (f) DEADLINE FOR REGULATIONS.—The Secretary of
2 the Treasury (or the Secretary’s delegate) shall prescribe
3 regulations to implement chapter 56 of the Internal Rev-
4 enue Code of 1986 (as added by this section) not later
5 than 1 year after the date of the enactment of this Act.

6 (g) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this subsection, the amendments made by
9 this section shall apply to hemp-derived cannabinoid
10 products sold on or after the date on which the Sec-
11 retary publishes the regulations prescribed under
12 subsection (f).

13 (2) TRANSITION RULE.—

14 (A) IN GENERAL.—No person may engage
15 in business as a manufacturer of hemp-derived
16 cannabinoid products, or wholesaler of hemp-de-
17 rived beverages, after the date of the enactment
18 of this Act until such person has a permit in
19 accordance with chapter 56 of the Internal Rev-
20 enue Code of 1986 (as added by this section)
21 and regulations prescribed thereunder. Notwith-
22 standing the preceding sentence, any person
23 who is engaged in business as a manufacturer
24 of hemp-derived cannabinoid products, or
25 wholesaler of hemp-derived beverages, on the

1 date of the enactment of this Act may continue
2 to engage in such business on the condition
3 that—

4 (i) the person applies for a permit
5 within 30 days after the date described in
6 paragraph (1), and

7 (ii) beginning on the date described in
8 paragraph (1), complies with such chapter
9 56 and such regulations.

10 (B) PENALTIES.—A violation of subpara-
11 graph (A) by any person shall be treated for all
12 purposes in the same manner as a violation of
13 chapter 56 of the Internal Revenue Code of
14 1986 (as added by this section), and such per-
15 son shall be subject to the same penalties, and
16 to the same extent, as for a violation of such
17 chapter.

18 (3) TRUST FUNDS.—The amendments made by
19 subsections (b) and (c) shall apply to taxes received
20 after the date described in paragraph (1).

21 (4) DISCLOSURE OF RETURNS AND RETURN IN-
22 FORMATION.—The amendment made by subsection
23 (d) shall apply to disclosures after the date described
24 in paragraph (1).

1 **SEC. 7. UNFAIR COMPETITION AND UNLAWFUL PRACTICES.**

2 (a) IN GENERAL.—It shall be unlawful for any per-
3 son engaged in business as a manufacturer or wholesaler
4 of hemp-derived beverages to directly or indirectly—

5 (1) require, by agreement or otherwise, that
6 any retailer of hemp-derived beverages purchase
7 such beverages from such person to the exclusion, in
8 whole or in part, of hemp-derived beverages sold or
9 offered for sale by other persons if—

10 (A) such requirement is made or such per-
11 son engages in such practice to such an extent
12 as substantially to restrain or prevent trans-
13 actions in any such beverages, or

14 (B) the direct effect of such requirement is
15 to prevent, deter, hinder, or restrict other per-
16 sons from selling or offering for sale any such
17 beverages to such retailer,

18 (2) induce any retailer of hemp-derived bev-
19 erages to purchase any such beverages from such
20 person to the exclusion, in whole or in part, of
21 hemp-derived beverages sold or offered for sale by
22 other persons if—

23 (A) such inducement is made or such per-
24 son engages such practice to such an extent as
25 substantially to restrain or prevent transactions
26 in any such beverages, or

1 (B) the direct effect of such inducement is
2 to prevent, deter, hinder, or restrict other per-
3 sons from selling or offering for sale any such
4 beverages to such retailer by—

5 (i) acquiring or holding (after the ex-
6 piration of any existing permit) any inter-
7 est in any permit with respect to the prem-
8 ises of the retailer,

9 (ii) acquiring any interest in real or
10 personal property owned, occupied, or used
11 by the retailer in the conduct of the retail-
12 er's business,

13 (iii) furnishing, giving, renting, lend-
14 ing, or selling to the retailer, any equip-
15 ment, fixtures, signs, supplies, money,
16 services, or other thing of value, subject to
17 such exceptions as the Secretary shall by
18 regulation prescribe, having due regard for
19 public health, the quantity and value of ar-
20 ticles involved, established trade customs
21 not contrary to the public interest and the
22 purposes of this subsection,

23 (iv) paying or crediting the retailer for
24 any advertising, display, or distribution
25 service,

1 (v) guaranteeing any loan or the re-
2 payment of any financial obligation of the
3 retailer,

4 (vi) extending to the retailer credit for
5 a period in excess of the credit period
6 usual and customary to the industry for
7 the particular class of transactions, as the
8 Secretary shall by regulation prescribe, or

9 (vii) requiring the retailer to take and
10 dispose of a certain quota of any of such
11 beverages,

12 (3) induce any trade buyer engaged in the sale
13 of hemp-derived beverages to purchase such bev-
14 erages from such person to the exclusion, in whole
15 or in part, of hemp-derived beverages sold or offered
16 for sale by other persons if—

17 (A) such inducement is made or such per-
18 son engages in such practice to such an extent
19 as substantially to restrain or prevent trans-
20 actions in any such beverages, or

21 (B) the direct effect of such inducement is
22 to prevent, deter, hinder, or restrict other per-
23 sons from selling or offering for sale any such
24 beverages to such trade buyer by—

25 (i) commercial bribery, or

1 (ii) offering or giving any dispropor-
2 tionate bonus, premium, or compensation
3 to any officer, employee, or representative
4 of the trade buyer, or

5 (4) sell, offer for sale, or contract to sell to any
6 trade buyer engaged in the sale of hemp-derived bev-
7 erages, or for any such trade buyer to purchase,
8 offer to purchase, or contract to purchase, any such
9 beverages on consignment or under conditional sale
10 or with the privilege of return or on any basis other
11 than a bona fide sale, or where any part of such
12 transaction involves, directly or indirectly, the acqui-
13 sition by such person from the trade buyer or such
14 person's agreement to acquire from the trade buyer
15 other hemp-derived beverages if—

16 (A) such person or trade buyer engages in
17 such practice to such an extent as substantially
18 to restrain or prevent transactions in any such
19 beverages, or

20 (B) the direct effect of such sale, purchase,
21 offer, or contract is to prevent, deter, hinder, or
22 restrict other persons from selling or offering
23 for sale any such beverages to such trade buyer.

24 (b) APPLICATION TO BONA FIDE RETURN OF MER-
25 CHANDISE.—Subsection (a) shall not apply to any trans-

1 action involving solely the bona fide return of merchandise
2 for ordinary and usual commercial reasons arising after
3 the merchandise has been sold.

4 (c) APPLICATION TO STATE AND LOCAL AGEN-
5 CIES.—Paragraphs (1), (2), and (3) of subsection (a) shall
6 not apply to any agency of a State or any political subdivi-
7 sion thereof, or to any officer or employee of such an agen-
8 cy.

9 (d) PENALTIES.—Any person who violates a require-
10 ment of subsection (a) shall be guilty of a misdemeanor,
11 and upon conviction, be subject to a fine of not more than
12 \$1,000 and the seizure and forfeiture of all hemp-derived
13 beverages involved in such violation.

14 (e) SECRETARY DEFINED.—For purposes of this sec-
15 tion, the term “Secretary” means the Secretary of the
16 Treasury (or the Secretary’s delegate).

17 (f) OTHER DEFINITIONS.—Any term used in this sec-
18 tion which is also used in chapter 56 of the Internal Rev-
19 enue Code of 1986 (as added by this Act) shall have the
20 same meaning for purposes of this section as when used
21 in such chapter.

22 **SEC. 8. PROHIBITION RELATED TO UNFINISHED HEMP-**
23 **CANNABINOID INGREDIENTS.**

24 (a) IN GENERAL.—It shall be unlawful to market,
25 sell, distribute, or ship an unfinished hemp-cannabinoid

1 ingredient to any person other than a manufacturer of
2 hemp-derived cannabinoid products who has a permit
3 under chapter 56 of the Internal Revenue Code of 1986
4 (as added by this Act) for the purpose of further manufac-
5 turing such product into a finished hemp-derived
6 cannabinoid product.

7 (b) PENALTIES.—Any person who violates subsection
8 (a) shall be guilty of a misdemeanor, and upon conviction,
9 be subject to a fine of not more than \$1,000. In addition
10 to such fine, such person may have their permit under
11 chapter 56 of the Internal Revenue Code of 1986 (as
12 added by this Act) suspended or revoked.

13 (c) UNFINISHED HEMP-CANNABINOID INGREDIENT
14 DEFINED.—For purposes of this section, the term “unfin-
15 ished hemp-cannabinoid ingredient” has the meaning
16 given such term in section 297A of the Agricultural Mar-
17 keting Act of 1946.

18 **SEC. 9. ZERO TOLERANCE FOR IMPAIRED DRIVING.**

19 (a) IN GENERAL.—Chapter 1 of title 23, United
20 States Code, is amended by adding at the end the fol-
21 lowing:

22 **“§ 180. Zero tolerance for impaired driving**

23 “(a) IN GENERAL.—For fiscal year 2027 and each
24 fiscal year thereafter, the Secretary shall withhold 10 per-
25 cent of the amount required to be apportioned to any

1 State under paragraphs (1) and (2) of section 104(b) if
2 such State does not have in effect a law that meets the
3 requirements of subsection (b).

4 “(b) REQUIREMENTS.—The requirements of this sub-
5 section are as follows:

6 “(1) For purposes of enforcing laws relating to
7 impaired driving, impairment due to hemp shall be
8 assessed using the same field sobriety evaluation
9 standards and protocols that law enforcement offi-
10 cers apply to determine impairment caused by law-
11 fully prescribed pharmaceutical substances, including
12 opioids, benzodiazepines, and other controlled medi-
13 cations.

14 “(2) Any person determined to be operating a
15 motor vehicle while impaired by hemp shall be sub-
16 ject to the same penalties, fines, license suspensions,
17 and other sanctions as apply to driving under the in-
18 fluence of alcohol or other impairing substances
19 under the laws of the State in which the violation
20 occurs.

21 “(c) STATE ENFORCEMENT.—Nothing in this section
22 shall be construed to limit the authority of any State to
23 enforce its own laws relating to impaired driving, provided
24 such laws apply penalties for hemp impairment that are

1 no less stringent than those applied to alcohol-related im-
2 pairment.

3 “(d) RULE OF CONSTRUCTION.—This section shall
4 not be construed to require the development of a per se
5 blood or bodily fluid concentration threshold for hemp-de-
6 rived cannabinoids as a precondition for enforcement of
7 impaired driving laws.”.

8 (b) CLERICAL AMENDMENT.—The analysis for chap-
9 ter 1 of title 23, United States Code, is amended by add-
10 ing at the end the following:

“180. Zero tolerance for impaired driving.”.

11 **SEC. 10. PROTECTION OF STATE REGULATORY AUTHORITY**
12 **AND INTERSTATE COMMERCE.**

13 (a) PRESERVATION OF STATE RIGHTS.—Except as
14 provided in subsection (b), nothing in this Act or the
15 amendments made by this Act shall be construed to pre-
16 empt or limit the authority of a State, territory, or Indian
17 Tribe to enact or enforce laws and regulations governing
18 the production, manufacture, distribution, importation, or
19 sale of hemp or hemp-derived cannabinoid products within
20 the borders, or exportation out of the borders, of such
21 State, territory, or Indian Tribe that are more stringent
22 than, or at least as protective as would be permitted under
23 an alcoholic beverage regulatory scheme comparable to,
24 the standards in this Act and the amendments made by
25 this Act.

1 (b) NON-INTERFERENCE WITH INTERSTATE COM-
2 MERCE.—Pursuant to clause 3 of section 8 of Article I,
3 United States Constitution, no State, territory, or Indian
4 Tribe may enact or enforce any law that prevents the pas-
5 sage and delivery of a hemp-derived cannabinoid product
6 through the borders of such State, territory, or Indian
7 Tribe if such product complies with this Act and the
8 amendments made by this Act.

9 (c) DEFINITIONS.—In this section:

10 (1) HEMP.—The term “hemp” has the meaning
11 given the term in section 297A of the Agricultural
12 Marketing Act of 1946 (7 U.S.C. 1639o), as amend-
13 ed by section 3 of this Act.

14 (2) HEMP-DERIVED CANNABINOID PRODUCT.—
15 The term “hemp-derived cannabinoid product” has
16 the meaning given the term in section 201 of the
17 Federal Food, Drug, and Cosmetic Act (21 U.S.C.
18 321), as amended by section 4(a) of this Act.

19 **SEC. 11. SEVERABILITY.**

20 If any provision of this Act or the amendments made
21 by this Act, or the application of any such provision to
22 any person or circumstance, is held to be unconstitutional
23 or otherwise invalid by a court of competent jurisdiction,
24 the remainder of this Act and the amendments made by
25 this Act, and the application of the provisions of this Act

- 1 and the amendments made by this Act to any other person
- 2 or circumstance, shall not be affected thereby.