

114TH CONGRESS  
1ST SESSION

# H. R. 1014

To amend the Internal Revenue Code of 1986 to provide for the taxation of marijuana, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 20, 2015

Mr. BLUMENAUER (for himself, Mr. POLIS, Mr. SWALWELL of California, Ms. LEE, Mr. POCAN, Mr. COHEN, Ms. NORTON, and Ms. PINGREE) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for the taxation of marijuana, 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 “Marijuana Tax Rev-  
5 enue Act of 2015”.

6 **SEC. 2. TAXATION RELATING TO MARIJUANA.**

7 (a) IN GENERAL.—Subtitle E of title I of the Inter-  
8 nal Revenue Code of 1986 is amended by adding at the  
9 end the following new chapter:

1                   **“CHAPTER 56—MARIJUANA**

“SUBCHAPTER A. PRODUCER TAX.

“SUBCHAPTER B. SPECIAL PROVISIONS RELATING TO MARIJUANA  
ENTERPRISES.

“SUBCHAPTER C. PENALTIES.

2                   **“Subchapter A—Producer Tax**

“Sec. 5901. Imposition of tax.

“Sec. 5902. Exemption from tax.

“Sec. 5903. Special rules.

“Sec. 5904. Definitions.

3                   **“SEC. 5901. IMPOSITION OF TAX.**

4                   “(a) IMPOSITION OF TAX.—There is hereby imposed  
5 a tax on the sale of marijuana by the producer or importer  
6 thereof.

7                   “(b) AMOUNT OF TAX.—

8                         “(1) IN GENERAL.—The amount of the tax im-  
9 posed by subsection (a) shall be the applicable per-  
10 centage of the price for which so sold.

11                       “(2) APPLICABLE PERCENTAGE.—For purposes  
12 of paragraph (1), the applicable percentage is—

13                           “(A) for the first two calendar years in  
14 which this chapter becomes effective, 10 per-  
15 cent,

16                           “(B) for the calendar year following the  
17 calendar years described in subparagraph (A),  
18 15 percent,

1           “(C) for the calendar year following the  
2           calendar year described in subparagraph (B),  
3           20 percent, and

4           “(D) for any calendar year following the  
5           calendar year described in subparagraph (C),  
6           25 percent.

7   **“SEC. 5902. EXEMPTION FROM TAX.**

8           “(a) GENERAL RULE.—No tax shall be imposed  
9   under this subchapter—

10           “(1) on the distribution or sale of marijuana for  
11   medical use in accordance with State law, or

12           “(2) under regulations prescribed by the Sec-  
13   retary, on the sale by the producer or importer of  
14   an article—

15           “(A) for use by the purchaser for further  
16   production, or for resale by the purchaser to a  
17   second purchaser for use by such second pur-  
18   chaser in further production, or

19           “(B) for export, or for resale by the pur-  
20   chaser to a second purchaser for export.

21           “(b) PROOF OF RESALE FOR FURTHER PRODUC-  
22   TION; PROOF OF EXPORT.—Where an article has been  
23   sold free of tax under subsection (a)—

1           “(1) for resale by the purchaser to a second  
2           purchaser for use by such second purchaser in fur-  
3           ther production, or

4           “(2) for export, or for resale by the purchaser  
5           to a second purchaser for export,

6 subsection (a) shall cease to apply in respect of such sale  
7 of such article unless, within the 6-month period which  
8 begins on the date of the sale by the producer or importer  
9 (or, if earlier, on the date of shipment by the producer  
10 or importer), the producer or importer receives proof that  
11 the article has been exported or resold for use in further  
12 production.

13           “(c) PRODUCER OR IMPORTER RELIEVED FROM LI-  
14 ABILITY IN CERTAIN CASES.—In the case of any article  
15 sold free of tax under this section (other than a sale to  
16 which subsection (b) applies), if the producer or importer  
17 in good faith accepts a certification by the purchaser that  
18 the article will be used in accordance with the applicable  
19 provisions of law, no tax shall thereafter be imposed under  
20 this chapter in respect of such sale by such producer or  
21 importer.

22           “(d) EXPORT.—For purposes of this section, the  
23 term ‘export’ includes shipment to a possession of the  
24 United States; and the term ‘exported’ includes shipped  
25 to a possession of the United States.

1       “(e) USE IN FURTHER PRODUCTION.—An article  
2 shall be treated as sold for use in further production if  
3 such article is sold for use by the purchaser for further  
4 planting, cultivating, or harvesting.

5       “(f) FURTHER PRODUCER LIABLE FOR TAX.—For  
6 purposes of this chapter, a producer to whom an article  
7 is sold or resold free of tax under subsection (a)(1) for  
8 use by him in further production shall be treated as the  
9 producer of such article.

10 **“SEC. 5903. SPECIAL RULES.**

11       “(a) DEFINITION OF PRICE.—For purposes of this  
12 chapter—

13               “(1) CONTAINERS, PACKING AND TRANSPOR-  
14 TATION CHARGES.—In determining, for the purposes  
15 of this chapter, the price for which an article is sold,  
16 there shall be included any charge for coverings and  
17 containers of whatever nature, and any charge inci-  
18 dent to placing the article in condition packed ready  
19 for shipment, but there shall be excluded the amount  
20 of tax imposed by this chapter, whether or not stat-  
21 ed as a separate charge. A transportation, delivery,  
22 insurance, installation, or other charge (not required  
23 by the foregoing sentence to be included) shall be ex-  
24 cluded from the price only if the amount thereof is

1 established to the satisfaction of the Secretary in ac-  
2 cordance with regulations.

3 “(2) CONSTRUCTIVE SALE PRICE.—

4 “(A) IN GENERAL.—If an article is sold at  
5 retail, sold on consignment, or sold (otherwise  
6 than through an arm’s length transaction) at  
7 less than the fair market price, the tax under  
8 section 5901 shall be computed on the price for  
9 which such articles are sold, in the ordinary  
10 course of trade, by producers thereof, as deter-  
11 mined by the Secretary. In the case of an arti-  
12 cle sold at retail, the computation under the  
13 preceding sentence shall be on whichever of the  
14 following prices is the lower:

15 “(i) the price for which such article is  
16 sold, or

17 “(ii) the highest price for which such  
18 articles are sold to manufacturers, in the  
19 ordinary course of trade, by producers  
20 thereof, as determined by the Secretary.

21 This paragraph shall not apply if subpara-  
22 graph (B) applies.

23 “(B) SPECIAL RULE.—If an article is sold  
24 at retail or to a retailer, and if—

1           “(i) the producer or importer of such  
2           article regularly sells such articles at retail  
3           or to retailers, as the case may be,

4           “(ii) the producer or importer of such  
5           article regularly sells such articles to one  
6           or more manufacturers in arm’s length  
7           transactions and he establishes that his  
8           prices in such cases are determined with-  
9           out regard to any tax benefit under this  
10          paragraph, and

11          “(iii) the transaction is an arm’s  
12          length transaction,

13          the tax under this chapter shall (if based on the  
14          price for which the article is sold) be computed  
15          under subparagraph (C).

16          “(C) PRICE FOR PURPOSES OF SPECIAL  
17          RULE.—The price computed under this sub-  
18          paragraph is whichever of the following prices is  
19          the lower—

20                 “(i) the price for which such article is  
21                 sold, or

22                 “(ii) the highest price for which such  
23                 articles are sold by such producer, or im-  
24                 porter to manufacturers.

1           “(D) DEFINITION OF LOWEST PRICE.—  
2           For purposes of subparagraphs (A) and (C),  
3           the lowest price shall be determined—

4                   “(i) without requiring that any given  
5                   percentage of sales be made at that price,  
6                   and

7                           “(ii) without including any fixed  
8                           amount to which the purchaser has a right  
9                           as a result of contractual arrangements ex-  
10                           isting at the time of the sale.

11           “(E) ARM’S LENGTH.—

12                   “(i) IN GENERAL.—For purposes of  
13                   this section, a sale is considered to be  
14                   made under circumstances otherwise than  
15                   at arm’s length if—

16                           “(I) the parties are members of  
17                           the same controlled group, whether or  
18                           not such control is actually exercised  
19                           to influence the sale price, or

20                                   “(II) the sale is made pursuant  
21                                   to special arrangements between a  
22                                   manufacturer and a purchaser.

23           “(ii) CONTROLLED GROUPS.—

24                           “(I) IN GENERAL.—The term  
25                           ‘controlled group’ has the meaning



1 given to such term by subsection (a)  
2 of section 1563, except that ‘more  
3 than 50 percent’ shall be substituted  
4 for ‘at least 80 percent’ each place it  
5 appears in such subsection.

6 “(II) CONTROLLED GROUPS  
7 WHICH INCLUDE NONINCORPORATED  
8 PERSONS.—Under regulations pre-  
9 scribed by the Secretary, principles  
10 similar to the principles of subclause  
11 (I) shall apply to a group of persons  
12 under common control where 1 or  
13 more of such persons is not a corpora-  
14 tion.

15 “(3) PARTIAL PAYMENTS.—In the case of—

16 “(A) a contract for the sale of an article  
17 wherein it is provided that the price shall be  
18 paid by installments and title to the article sold  
19 does not pass until a future date notwith-  
20 standing partial payment by installments,

21 “(B) a conditional sale, or

22 “(C) a chattel mortgage arrangement  
23 wherein it is provided that the sales price shall  
24 be paid in installments,

1       there shall be paid upon each payment with respect  
2       to the article a percentage of such payment equal to  
3       the rate of tax in effect on the date such payment  
4       is due.

5               “(4) SALES OF INSTALLMENT ACCOUNTS.—If  
6       installment accounts, with respect to payments on  
7       which tax is being computed as provided in para-  
8       graph (3), are sold or otherwise disposed of, then  
9       paragraph (3) shall not apply with respect to any  
10       subsequent payments on such accounts (other than  
11       subsequent payments on returned accounts with re-  
12       spect to which credit or refund is allowable by rea-  
13       son of section 6416(b)(5)), but instead—

14               “(A) there shall be paid an amount equal  
15       to the difference between—

16               “(i) the tax previously paid on the  
17       payments on such installment accounts,  
18       and

19               “(ii) the total tax which would be pay-  
20       able if such installment accounts had not  
21       been sold or otherwise disposed of (com-  
22       puted as provided in paragraph (3)); ex-  
23       cept that

24               “(B) if any such sale is pursuant to the  
25       order of, or subject to the approval of, a court

1 of competent jurisdiction in a bankruptcy or in-  
2 solvency proceeding, the amount computed  
3 under subparagraph (A) shall not exceed the  
4 sum of the amounts computed by multiplying—

5 “(i) the proportionate share of the  
6 amount for which such accounts are sold  
7 which is allocable to each unpaid install-  
8 ment payment by

9 “(ii) the rate of tax under this chap-  
10 ter in effect on the date such unpaid in-  
11 stallment payment is or was due.

12 The sum of the amounts payable under this  
13 subsection and subsection (c) in respect of the  
14 sale of any article shall not exceed the total tax.

15 “(b) CERTAIN USES TREATED AS SALES.—Any pro-  
16 ducer of marijuana which uses such marijuana before it  
17 is sold shall be liable for the tax imposed by section 5901  
18 in the same manner as if such marijuana were sold by  
19 such producer.

20 “(c) APPLICATION OF TAX IN CASE OF SALES BY  
21 OTHER THAN PRODUCER.—In case any person acquires  
22 from the producer of marijuana, by operation of law or  
23 as a result of any transaction not taxable under section  
24 5901, the right to sell such marijuana, the sale of such  
25 marijuana by such person shall be taxable under this

1 chapter as if made by the producer, and such person shall  
2 be liable for the tax.

3 **“SEC. 5904. DEFINITIONS.**

4 “For purposes of this chapter—

5 “(1) MARIJUANA.—The term ‘marijuana’ has  
6 the meaning given such term by section 102(16) of  
7 the Controlled Substances Act (21 U.S.C. 802).

8 “(2) MARIJUANA PRODUCT.—The term ‘mari-  
9 juana product’ means any article which contains  
10 marijuana, including an article which is a con-  
11 centrate, an edible, a tincture, a marijuana-infused  
12 product, or a topical.

13 “(3) PRODUCER.—The term ‘producer’ means  
14 any person who plants, cultivates, harvests, or in  
15 any way facilitates the natural growth of, marijuana.

16 “(4) MANUFACTURER.—The term ‘manufac-  
17 turer’ means a person who manufactures, com-  
18 pounds, converts, processes, prepares, or packages  
19 marijuana or marijuana products.

20 “(5) IMPORTER.—The term ‘importer’ means—

21 “(A) any person in the United States to  
22 whom nontaxpaid marijuana products, or any  
23 processed marijuana, manufactured in a foreign  
24 country, Puerto Rico, the Virgin Islands, or a

1 possession of the United States are shipped or  
2 consigned; and

3 “(B) any person who smuggles or other-  
4 wise unlawfully brings marijuana or marijuana  
5 products into the United States.

6 “(6) DISTRIBUTOR.—The term ‘distributor’  
7 means a person who distributes marijuana or mari-  
8 juana products.

9 “(7) RETAILER.—The term ‘retailer’ means a  
10 person who sells marijuana or marijuana products to  
11 consumers.

12 “(8) MARIJUANA ENTERPRISE.—The term  
13 ‘marijuana enterprise’ means a producer, importer,  
14 manufacturer, distributor, retailer or any person  
15 who transports, stores, displays, or otherwise partici-  
16 pates in any business activity that handles mari-  
17 juana or marijuana products.

18 **“Subchapter B—Special Provisions Relating**  
19 **to Marijuana Enterprises**

“Sec. 5911. Occupational tax.

“Sec. 5912. Application for permit.

“Sec. 5913. Permit.

“Sec. 5914. Inspection of books.

20 **“SEC. 5911. OCCUPATIONAL TAX.**

21 “(a) IMPOSITION OF TAX.—There is hereby imposed  
22 a special tax to be paid by each person who is engaged  
23 in a marijuana enterprise.

1       “(b) AMOUNT OF TAX.—The amount of the tax im-  
2 posed under subsection (a) shall be—

3               “(1) \$1,000 per year in the case of a producer,  
4 importer, or manufacturer, and

5               “(2) \$500 per year in the case of any person  
6 engaged in a marijuana enterprise who is not de-  
7 scribed in paragraph (1).

8 **“SEC. 5912. APPLICATION FOR PERMIT.**

9       “Every person, before commencing business as a  
10 marijuana enterprise, and at such other time as the Sec-  
11 retary shall by regulation prescribe, shall make application  
12 for the permit provided for in section 5913. The applica-  
13 tion shall be in such form as the Secretary shall prescribe  
14 and shall set forth, truthfully and accurately, the informa-  
15 tion called for on the form. Such application may be re-  
16 jected and the permit denied if the Secretary, after notice  
17 and opportunity for hearing, finds that—

18               “(1) the premises on which it is proposed to  
19 conduct the business are not adequate to protect the  
20 revenue,

21               “(2) the activity proposed to be carried out at  
22 such premises does not meet such minimum capacity  
23 or activity requirements as the Secretary may pre-  
24 scribe, or

1           “(3) such person (including, in the case of a  
2 corporation, any officer, director, or principal stock-  
3 holder and, in the case of a partnership, a part-  
4 ner)—

5           “(A) is, by reason of his business experi-  
6 ence, financial standing, or trade connections or  
7 by reason of previous or current legal pro-  
8 ceedings involving a felony violation of any  
9 other provision of Federal criminal law relating  
10 to marijuana or marijuana products, not likely  
11 to maintain operations in compliance with this  
12 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 marijuana or marijuana  
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 therefor.

20 **“SEC. 5913. PERMIT.**

21           “(a) ISSUANCE.—A person shall not engage in busi-  
22 ness as a marijuana enterprise without a permit to engage  
23 in such business. Such permit, conditioned upon compli-  
24 ance with this chapter and regulations issued thereunder,  
25 shall be issued in such form and in such manner as the

1 Secretary shall by regulation prescribe. A new permit may  
2 be required at such other time as the Secretary shall by  
3 regulation prescribe.

4 “(b) SUSPENSION OR REVOCATION.—

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

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

11 “(B) has violated the conditions of such  
12 permit,

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

16 “(D) has failed to maintain his premises in  
17 such manner as to protect the revenue,

18 “(E) is, by reason of previous or current  
19 legal proceedings involving a felony violation of  
20 any other provision of Federal criminal law re-  
21 lating to marijuana, not likely to maintain oper-  
22 ations in compliance with this chapter, or

23 “(F) has been convicted of a felony viola-  
24 tion of any provision of Federal or State crimi-



1           nal law relating to marijuana or marijuana  
2           products,  
3           the Secretary shall issue an order, stating the facts  
4           charged, citing such person to show cause why his  
5           permit should not be suspended or revoked.

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

12          “(c) INFORMATION REPORTING.—The Secretary may  
13          require—

14                 “(1) information reporting by any person issued  
15                 a permit under this section, and

16                 “(2) information reporting by such other per-  
17                 sons as the Secretary deems necessary to carry out  
18                 this chapter.

19          “(d) INSPECTION OR DISCLOSURE OF INFORMA-  
20          TION.—For rules relating to inspection and disclosure of  
21          returns and return information, see section 6103(o).

22          **“SEC. 5914. REGULATIONS.**

23                 “The Secretary may issue such regulations or other  
24          guidance as the Secretary determines necessary or appro-

1 p r i a t e t o c a r r y o u t t h i s c h a p t e r , i n c l u d i n g t h e f i l i n g o f r e -  
 2 t u r n s u n d e r t h i s c h a p t e r i n e l e c t r o n i c f o r m a t .

### 3 **“Subchapter C—Penalties**

“Sec. 5921. Civil penalties.

“Sec. 5922. Criminal penalties.

#### 4 **“SEC. 5921. CIVIL PENALTIES.**

5 “(a) O M I T T I N G T H I N G S R E Q U I R E D O R D O I N G  
 6 T H I N G S F O R B I D D E N.—Whoever omits, neglects, or re-  
 7 fuses to comply with any duty imposed upon him by this  
 8 chapter, or to do, or cause to be done, any of the things  
 9 required by this chapter, or does anything prohibited by  
 10 this chapter, shall in addition to any other penalty pro-  
 11 vided in this title, be liable to a penalty of the greater  
 12 of—

13 “(1) \$1,000, or

14 “(2) in the case of an omission, neglect, or re-  
 15 fusal with respect to a sale, \$100 per ounce of mari-  
 16 juana sold,

17 t o b e r e c o v e r e d , w i t h c o s t s o f s u i t , i n a c i v i l a c t i o n , e x c e p t  
 18 w h e r e a p e n a l t y u n d e r s u b s e c t i o n ( b ) o r ( c ) o r u n d e r s e c -  
 19 t i o n 6 6 5 1 o r 6 6 5 3 o r p a r t I I o f s u b c h a p t e r A o f c h a p t e r  
 20 6 8 m a y b e c o l l e c t e d f r o m s u c h p e r s o n b y a s s e s s m e n t .

21 “(b) E X C E P T I O N.—No penalty shall be imposed  
 22 u n d e r s u b s e c t i o n ( a ) i f i t i s s h o w n t h a t t h e r e w a s a r e a s o n -  
 23 a b l e c a u s e a n d t h a t t h e t a x p a y e r a c t e d i n g o o d f a i t h .

1       “(c) FAILURE TO PAY TAX.—Whoever fails to pay  
2 any tax imposed by this chapter at the time prescribed  
3 by law or regulations, shall, in addition to any other pen-  
4 alty provided in this title, be liable to a penalty of 5 per-  
5 cent of the tax due but unpaid.

6       “(d) SALE OF MARIJUANA OR MARIJUANA PROD-  
7 UCTS FOR EXPORT.—

8               “(1) Every person who sells, relands, or receives  
9 within the jurisdiction of the United States any  
10 marijuana or marijuana products which have been  
11 labeled or shipped for exportation under this chap-  
12 ter,

13               “(2) every person who sells or receives such re-  
14 landed marijuana or marijuana products, and

15               “(3) every person who aids or abets in such  
16 selling, relanding, or receiving,

17 shall, in addition to the tax and any other penalty provided  
18 in this title, be liable for a penalty equal to the greater  
19 of \$1,000 or 5 times the amount of the tax imposed by  
20 this chapter. All marijuana and marijuana products re-  
21 landed within the jurisdiction of the United States shall  
22 be forfeited to the United States and destroyed. All ves-  
23 sels, vehicles, and aircraft used in such relanding or in  
24 removing such marijuana or marijuana products from the

1 place where related, shall be forfeited to the United  
2 States.

3 “(e) APPLICABILITY OF SECTION 6665.—The pen-  
4 alties imposed by subsections (b) and (c) shall be assessed,  
5 collected, and paid in the same manner as taxes, as pro-  
6 vided in section 6665(a).

7 “(f) CROSS REFERENCES.—For penalty for failure to  
8 make deposits or for overstatement of deposits, see section  
9 6656.

10 **“SEC. 5922. CRIMINAL PENALTIES.**

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

13 “(1) ENGAGING IN BUSINESS UNLAWFULLY.—  
14 Engages in business as a marijuana enterprise with-  
15 out filing the application and obtaining the permit  
16 where required by this chapter or regulations there-  
17 under,

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

24 “(3) REFUSING TO PAY OR EVADING TAX.—Re-  
25 fuses to pay any tax imposed by this chapter, or at-

1       tempts in any manner to evade or defeat the tax or  
2       the payment thereof,

3               “(4) SALES AND TRANSFERS OF MARIJUANA OR  
4       MARIJUANA PRODUCTS UNLAWFULLY.—Sells or oth-  
5       erwise transfers, contrary to this chapter or regula-  
6       tions thereunder, any marijuana or marijuana prod-  
7       ucts subject to tax under this chapter, or

8               “(5) TAXABLE EVENT AFTER TAX EXEMP-  
9       TION.—With intent to defraud the United States,  
10       purchases, receives, possesses, offers for sale, or sells  
11       or otherwise disposes of, any marijuana or mari-  
12       juana product—

13               “(A) upon which the tax has not been paid  
14       or determined in the manner and at the time  
15       prescribed by this chapter or regulations there-  
16       under, or

17               “(B) which, without payment of tax pursu-  
18       ant to section 5902, have been diverted from  
19       the applicable purpose or use specified in that  
20       section,

21 shall, for each such offense, be fined not more than  
22 \$10,000, or imprisoned not more than 5 years, or both.

23       “(b) OTHER OFFENSES.—Whoever, otherwise than  
24 as provided in subsection (a), violates any provision of this  
25 chapter, or of regulations prescribed thereunder, shall, for

1 each such offense, be fined not more than \$1,000, or im-  
2 prisoned not more than 1 year, or both.

3 “(c) LIABILITY TO TAX.—Any person who possesses  
4 marijuana or marijuana products in violation of subsection  
5 (a) shall be liable for a tax equal to the tax on such arti-  
6 cles.”.

7 (b) STUDY.—Not later than two years after the date  
8 of the enactment of this Act, and every five years there-  
9 after, the Secretary of the Treasury shall—

10 (1) conduct a study concerning the characteris-  
11 tics of the marijuana industry, including the number  
12 of persons operating marijuana enterprises at each  
13 level (e.g., producers, distributors, manufacturers),  
14 the volume of sales, the amount of tax collected each  
15 year, the areas of evasion, and

16 (2) submit to Congress recommendations to im-  
17 prove the regulation of the industry and the admin-  
18 istration of the related tax.

19 (c) CONFORMING AMENDMENT.—Section  
20 6103(o)(1)(A) of such Code is amended by striking “and  
21 firearms” and inserting “firearms, and marijuana”.

22 (d) CLERICAL AMENDMENT.—The table of chapters  
23 for subtitle E of title I of such Code is amended by adding  
24 at the end the following new chapter:

“CHAPTER 56. MARIJUANA.”.

25 (e) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to sales, and applications for  
3 permits under section 5912 of the Internal Revenue  
4 Code of 1986 (as added by subsection (a)), after  
5 180 days after the date on which marijuana (as de-  
6 fined in section 5904 of such Code (as so added))  
7 in any form is removed from all schedules under the  
8 Controlled Substances Act (21 U.S.C 812(c)).

9           (2) SPECIAL RULES FOR EXISTING BUSI-  
10 NESSES.—In the case of any producer operating  
11 under a permit issued on or before the date of the  
12 enactment of this Act under State law, the require-  
13 ments under section 5912 of such Code (as so  
14 added) shall apply beginning on the date that is 6  
15 months after the date of the enactment of this Act.

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