

# [***Why National Cannabis Legalization Is Still A Decade Away***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:68KK-FX51-DXVP-54FX-00000-00&context=1516831)

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**Highlight:** Even though recreational marijuana use is now legal in 23 states and most Americans support ending the federal ban, investors, entrepreneurs and politicians are no longer high on it happening in the next 10 years.

**Body**

**Even though recreational marijuana use is now legal in 23 states and most Americans support ending the federal ban, investors, entrepreneurs and politicians are no longer high on it happening in the next 10 years.**

Florida Governor Ron DeSantis recently announced that if he is elected president of the United States in 2024, he would not decriminalize cannabis let alone legalize it.

I don t think we d do that, DeSantis, whose home state isthe country s largest medical marijuana marketwith more than $1 billion in annual sales,said last week during a campaign eventinSouth Carolina.

President Joe Biden isn t pro-cannabis, nor are any of the other majordeclared candidates, including former President Donald Trump. Trump sfirst attorney general, Jeff Sessions,rescinded Obama-era protectionsfor the industry, and more recently, Trump said thatdrug dealers should be executed. Former New Jersey Governor Chris Christie, who opposed cannabis legalization during his first bid for president in 2016 and referred to tax revenue from pot sales as blood money, said during atown hall on CNNthat he would end parts of America s drug war, but still opposes legalization. Robert F. Kennedy Jr., who is running as a Democrat and got arrested formarijuanaandheroindecades ago,said he would decriminalize weed, but he stopped short at legalization.

If Biden wins the 2024 presidential election, his term will last until 2029. If a Republican wins the 2024 election and gets re-elected for a second term, the earliest a pro-pot president could take the White House would be January 2033.

Joe Biden seemed like the answer to the cannabis industry s prayers in 2021, but his record is mixed at best. In his lengthy tenure as a senator, Biden waspartially responsible for America s harsh drug laws, and as president, he firedWhite House staffers who tested positive for marijuana. Yet in October 2022, hepardoned all U.S. citizens convicted of federal marijuana possessionand asked the U.S. Department of Health and Human Services and the Attorney General toreview expeditiously how marijuana is scheduled under federal law.

Since 1970, cannabis has been classified as a Schedule I drug, along with heroin and LSD, a category reserved for narcotics with a high potential for abuse and no medical value. Too many lives have been upended because of our failed approach to marijuana, Biden said in a statementannouncing the weed-friendly moves last year. It s time that we right these wrongs.

**How America Botched Cannabis Legalization**

Health and Human Services Secretary Xavier Becerra, toldMarijuana Moment last weekthat he is working with the Food and Drug Administration and the Drug Enforcement Administration to try to see if we can give the president an answer that s based on the science and the evidence. Becerra continued: Stay tuned. We hope to be able to get there pretty soon hopefully this year.

But for the $25 billion state-regulated cannabis industry and the $47 billion underground and unlicensed pot economy, the dream of federallegalization has remained a nightmare. The legalmarijuana economy is broken. Thanks to continued prohibition, folks cannot sell or distribute product over state lines and profits are crushed by a punitive federal tax rate created for drug traffickers.

The stock prices of cannabis companies are down 75% since 2020, when the outlook for legalization was positive. After 2022 ended without any significant reform, reality set in: despite cannabis legalization being hugely popular with voters more Americans voted for marijuana legalization in Arizona (60%) than for Biden (49.4%) and more people in Mississippi voted to legalize medical marijuana (73%) than supportedTrump (58%) during the 2020 election it is not a political priority inside the Beltway.

Morgan Paxhia, who cofounded San Francisco-based cannabis investment firm Poseidon, which has $160 million in assets under management, was lobbying in Washington, D.C. late this spring when he finally accepted that America s prohibition on pot is not going to end soon. Any hopes that the Biden Administration will remove marijuana from the list of controlled substancesis dead in the water, according to the politicians and staffers Paxhia met with. My feeling of federal legalization is that it could be 10 years or more, he says.

The largest cannabis companies in America, including Curaleaf ($1.3 billion, 2022 sales)and Trulieve, which booked $1.2 billion in revenue last year, have stopped planning for federal legalization. Instead, they re banking on modest progress. We ve been incorrect on all of our previous prognostications and we re not going to be guaranteeing any timing at this point, says Matt Darin, the CEO of Massachusetts-based Curaleaf. These things happen incrementally, and I think the industry needs to be comfortable with that notion.

**Cannabis Laws By State**

Curaleaf, which has a $2.2 billion market cap after seeingits stock price drop 41% since last summer, has adopted a strategy focused on state reform, not federal legalization. We re not working off of any timelines for these things occurring, Darin says. We need to continue to do what we've done for the last 10 years, which is still operate in this state-by-state environments.

Kim Rivers, CEO of Florida-based Trulieve, now believes that federal legalization will be incremental and will take years. She contends that the SAFE Banking Act, which would make it easier for cannabis companies to access the financial system, is the most likely reform to be passed at the federal level during Biden s remaining term. Rivers, like many other CEOs, does not believe there is enough political capital to usher in de-scheduling or federal legalization right now. We re still stuck on first base, she says.

The same buzzkill mentality is pervasive among investors. Jason Wild, a former pharmacist who launched cannabis hedge fund JW Asset Management ($600 million AUM) and is currently the chair of Canada-based cannabis operator TerrAscend, which has 35 dispensaries across California, Canada, Maryland, Michigan, New Jersey and Pennsylvania, laughs when asked if he incorporates federal reform in his business strategy. We certainly do not model for federal legalization, says Wild. And, for that matter, we don t model for incremental change. It s a dangerous strategy. From a balance sheet perspective, you need to act like it s not going to happen.

Marijuana is still illegal federally for a very simple reason. Politicians just don't really care, says Paul Armentano, the deputy director of nonprofit legalization advocacy group NORML. It's just not on their priority list. If it were, they would address it. They don't because it isn't. It s simple stuff.

Over the last 30 years, 23 states have legalized recreational use and 38 now allow some form of medical marijuana, but the Senate has never held a single vote on legislation to decriminalize or legalize cannabis, despite the fact that some88% of the American public believe it should be legal.

As for President Biden s request for HHS to review marijuana s classification as a Schedule I narcotic, Armentano says he s been through multiple re-scheduling petitions, which have all been denied by the Drug Enforcement Administration. The DEA has final approval over any rescheduling petition.

It gets more bureaucratically tangled from there.One of the key benchmarks marijuana must pass is whether it has recognized medical use in the United States. The only acceptable definition of medical utility in the U.S., according to the federal government, is approval by the U.S. Food and Drug Administration. That's the federal government's position: no medical utility absent FDA approval, Armentano says. There's not going to be FDA approval of cannabis, at least not botanical raw plant cannabis.

We certainly do not model for federal legalization. It s a dangerous strategy. From a balance sheet perspective, you need to act like it s not going to happen. <footer>Jason Wild, cannabis investor</footer>

Founding member of the bipartisan Congressional Cannabis Caucus, Representative Earl Blumenauer, a Democrat from Oregon, believes that legalization being a decade away is a little pessimistic. His timeline is within the next five years, but having been in public office since 1973, Blumenauer is also smart enough to know plenty of lawmakers are too timid to legalize pot and are standing in the way. The political process has been the obstacle, says Blumenauer.

Representative Nancy Mace, a Republican from South Carolina who introduceda bill to end federal prohibition in 2021, says she understands the cannabis industry s pessimism. When asked if she sees a legalization bill either theDemocratic versionproposed by Senators Chuck Schumer, Ron Wyden, and Cory Booker or her ownStates Reform Act being voted on under the Biden Administration, she is not hopeful. I don't see that on the horizon, she says. If anything, it would be SAFE Banking Act.

As for the scheduling review, Mace believes President Biden will use it as a political tool and will announce a decision closer to the 2024 election cycle. It ll be utilized for ***politics***, she says, not for policy.

While there are key people who are not enthusiastic about cannabis in Congress, Blumenauer believes it is temporary. We've seen tremendous progress in terms of the movement for legalization and public opinion, he says. Sadly, the federal government is going to be the last to get there, but we'll get there.

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