

Cannabis Rescheduling Hearing Sparks Outrage

Cannabis Industry Faces Setbacks as Rescheduling Hearing Delayed Until December

For the second year in a row, the \$32.1 billion U.S. cannabis industry approaches the Labor Day holiday without the celebration many hoped for, following a major setback in the Biden administration's efforts to reschedule marijuana. Instead of marking a milestone, anger and a sell-off in cannabis stocks followed Monday's announcement that an administrative law judge won't hear the Justice Department's proposal to recategorize marijuana to Schedule III of the Controlled Substances Act until December 2.

Rescheduling Delays and Industry Frustration

Last year, the industry celebrated a breakthrough when federal health regulators recommended reclassifying marijuana as medicine. However, this year, U.S. Drug Enforcement Administration (DEA) chief Anne Milgram's notice in the Federal Register indicated that a planned hearing on December 2 means it's highly unlikely that marijuana will be rescheduled before 2025.

As a result, cannabis companies will have to wait longer for the federal tax relief associated with rescheduling. This delay could disrupt plans for major multistate operators (MSOs) to claim business expenses still taxable under Section 280E of the Internal Revenue Code. U.S. Rep. Earl Blumenauer, co-chair of the Congressional Cannabis Caucus, expressed disappointment, stating, "It is incredibly disappointing to see the DEA drag their feet on an issue which has been a clear White House priority."

Cannabis Stocks React

The news of the delayed hearing sent shockwaves through cannabis markets. Shares of major companies tumbled: Green Thumb Industries dropped over 8.5%, Curaleaf Holdings fell 12%, Trulieve Cannabis Corp. declined 5%, and Verano Holdings Corp. was down 13.5%. Investors expressed their frustration on social media, with Green Thumb CEO Ben Kovler sarcastically noting, "Breaking news: the DEA hates weed."

Political Implications and Speculation

The announcement spurred speculation about the potential impact of the upcoming presidential election on cannabis policy. Concerns grew that Republican nominee Donald Trump might reverse rescheduling efforts if elected, while some suggested that a Harris-led Democratic ticket might not need a preelection win on cannabis to secure progressive votes. However, experts argue that these theories are speculative and not grounded in current evidence.

What's Next for Cannabis Rescheduling?

Despite the frustration, some industry leaders and legal experts argue that the delay was anticipated. Bryan Barash, Vice President of External Affairs at Oregon-based cannabis sales platform Dutchie, noted that

although rescheduling could have been swifter, “the process is still moving faster than expected.” He emphasized the importance of the scheduled hearing, describing it as a pivotal moment for the cannabis industry to present scientific evidence supporting marijuana’s medical use and low abuse potential.

Looking Ahead to 2025

As the industry braces for the December hearing, many stakeholders remain cautiously optimistic. U.S. Rep. Blumenauer remains hopeful that rescheduling will be finalized before President Biden’s term ends, and that further reforms could be championed by a potential Harris administration. In the meantime, the cannabis industry prepares to argue its case in what could be a historic hearing with far-reaching implications.

As preparations for the hearing continue, industry advocates are encouraged to focus on the opportunity to showcase the growing body of research supporting cannabis as a safe and effective medicine, and to advocate for a regulatory framework that reflects modern scientific understanding.

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