

Election Day Brings Hope for U.S. Cannabis Industry Reforms

Cannabis Industry Awaits Potential Breakthroughs on Election Day as Both Presidential Candidates Signal Support for Reform

The U.S. cannabis industry, now valued at \$32 billion, finds itself in an unusual position this Election Day: hopeful for a future that includes federal reform. For the first time, both major-party presidential candidates have expressed support for state-level cannabis legalization, signaling potential breakthroughs in marijuana reform and decriminalization efforts.

Both former President Donald Trump and current Vice President Kamala Harris have voiced support for the ongoing rescheduling process, which could lead to marijuana's reclassification as a Schedule III substance under the Controlled Substances Act in 2025. If approved, this change would allow the cannabis industry to breathe easier, though challenges on Capitol Hill remain.

Growing Support for State-Level Legalization

Historically, the marijuana reform movement faced opposition at the federal level, but this year represents a turning point, with bipartisan support at the highest levels. Both presidential candidates have expressed willingness to allow states to set their own marijuana policies. This stance provides state-regulated markets with increased legitimacy, especially as more states embrace adult-use cannabis legalization.

In past elections, the cannabis industry often worried about opposition from presidential administrations, but that concern is no longer the case. Despite some ideological differences, both candidates are likely to maintain support for rescheduling and state-led legalization initiatives.

Congressional Stalemate: The Primary Roadblock for Reform

While rescheduling appears more likely than ever, the federal landscape for marijuana reform is still far from straightforward. Any major changes to cannabis banking laws or the establishment of a national framework would require congressional approval—a challenging feat in the current polarized environment.

The **SAFER Banking Act** and other cannabis-related bills need a supermajority of 60 votes in the Senate to pass, making bipartisan cooperation essential. However, projections for the upcoming election suggest that Democrats may lose control of the Senate, potentially complicating the path forward for cannabis banking reform. Analysts anticipate that the Senate will remain gridlocked, with neither party holding enough sway to push through major legislative shifts for the industry.

The Role of the Farm Bill and SAFER Banking Act

A significant legislative opportunity for the cannabis industry may come through the **U.S. Farm Bill**, which Congress is overdue to pass. The last Farm Bill in 2018 legalized hemp, opening the door for a range of hemp-derived products. This year's bill could bring similar changes, although it remains unclear whether lawmakers have the appetite to regulate or restrict intoxicating hemp derivatives further.

The SAFER Banking Act, which aims to provide cannabis companies with greater access to banking services, has remained stalled in Congress despite bipartisan support. Advocates are hopeful that the act could gain momentum during the lame-duck session. There is speculation that cannabis banking protections could be attached to a must-pass budget bill in December, allowing lawmakers to pass it without a stand-alone vote.

If Republicans gain a majority in the Senate, they could control the fate of the SAFER Banking Act. While the House of Representatives has previously passed cannabis banking legislation, progress on the issue stalled under both former Speaker Kevin McCarthy and his successor Mike Johnson. Still, industry experts are optimistic that with both presidential candidates expressing some level of support for reform, a breakthrough might occur.

Rescheduling and Its Potential Impact on the Cannabis Industry

Rescheduling marijuana from **Schedule I** to **Schedule III** would be a monumental change for the industry, giving it the flexibility to expand while reducing financial and regulatory burdens. The change would remove marijuana from a classification it shares with heroin and LSD, instead grouping it with substances like ketamine, which have recognized medical applications.

The reclassification would have immediate benefits for “plant-touching” cannabis businesses by eliminating the restrictions of **Section 280E** of the Internal Revenue Code. This change would allow companies to claim standard business deductions, easing the financial strain on the cannabis industry and potentially boosting profitability. Additionally, reclassification would legitimize cannabis research, enabling greater exploration of marijuana's potential medical benefits.

Diverging Candidate Perspectives on National Legalization

While both Trump and Harris support the rescheduling process, their stances on broader cannabis legalization differ. Vice President Harris has signaled a desire to pursue national legalization, and she emphasized this in campaign communications throughout October. By contrast, former President Trump has remained largely silent on national legalization, although he did endorse Florida's adult-use cannabis ballot initiative earlier this year.

Given these differing approaches, it remains uncertain whether federal marijuana reform will be prioritized or pursued comprehensively. However, both candidates' endorsements of state-led initiatives have provided reassurance to the industry.

State-Level Legalization Ballot Measures

On Election Day, three states—Florida, North Dakota, and South Dakota—will vote on adult-use marijuana legalization. If successful, these measures would bring the number of states with legal adult-use cannabis to 27. Florida, with its large population and strong support for cannabis, appears the most likely to pass legalization.

Victories in any of these states would increase pressure on federal lawmakers to consider broader reform. Conversely, if voters reject all three measures, it could signal that the “red wall” of conservative states is a

barrier to nationwide legalization.

Incremental Progress and the Road Ahead

While sweeping federal reform may be stalled, industry insiders believe incremental change is likely in the next congressional session. Some legislators have hinted at more limited reforms, such as facilitating cannabis research and clarifying hemp regulations.

The cannabis industry's outlook remains cautiously optimistic. Federal inaction has enabled state markets to develop independently, and for some businesses, the current structure offers an advantage. Regional operators with state-specific business models have voiced concerns about national legalization and interstate commerce, fearing increased competition.

However, most industry advocates see bipartisan support as a net positive. With both Trump and Harris committed to some level of cannabis reform, many in the industry are hopeful that these efforts will translate into meaningful changes for cannabis policy.

Looking Forward: An Optimistic but Cautious Industry

As Election Day approaches, the U.S. cannabis industry faces a future that could bring regulatory breakthroughs. While Congress is likely to remain divided, the overall momentum towards reform appears to be growing. With the prospect of marijuana rescheduling and renewed hopes for banking reform, cannabis advocates feel optimistic that progress is within reach.

In an industry historically accustomed to regulatory uncertainty, the bipartisan endorsements this election cycle offer a much-needed reprieve. Regardless of the election outcome, the cannabis industry seems set for a promising path forward as reform remains a central issue for lawmakers and regulators alike.

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