

Are Republicans Friend or Foe of State-Regulated Cannabis?

With Republicans' New Trifecta of Control, Federal Cannabis Policy Could Change Under a New Trump Administration

The recent shift in the U.S. political landscape has ushered in a new era of potential change for federal marijuana policy. With Republicans now holding a trifecta of power—control over the White House, U.S. Senate, and House of Representatives—many are wondering how the party will handle marijuana reform. Given the Republican Party's recent trend toward state rights and President-elect Donald Trump's campaign rhetoric on cannabis, federal marijuana policy could soon undergo significant transformations.

A New Era for Cannabis Policy?

The current state of marijuana in the United States is one of conflicting legal landscapes. Despite marijuana being classified as a Schedule 1 drug under the Controlled Substances Act—a designation that denotes substances with high potential for abuse and no accepted medical use—states have largely taken matters into their own hands. As of 2024, 23 states and Washington, D.C. have legalized marijuana for medical use, and 17 states have legalized recreational cannabis. This state-level legalization has created a patchwork of laws where federal laws continue to clash with state regulations.

The real question is whether the new Trump administration will take a more definitive stance on this issue. With Republican leadership at the helm, there is significant potential for changes in the way marijuana is classified and regulated at the federal level.

The Trump Campaign's Stance on Cannabis

Throughout his campaign, now-President-elect Donald Trump made several statements expressing support for cannabis reform. In particular, he voiced his desire for “smart regulations” and for ending “needless arrests and incarcerations” related to marijuana offenses. Trump also pledged to work with Congress on marijuana policy reforms, including the SAFE Banking Act, a bill aimed at providing financial services to state-legal cannabis businesses. Trump's positions resonated with many in the cannabis industry, who have long argued that federal reform would provide the legal clarity necessary for businesses to operate without fear of federal intervention.

Most notably, Trump indicated that he would be open to reclassifying marijuana as a Schedule 3 controlled substance, which would make marijuana legal for medical use and ease certain federal restrictions. However, for many in the cannabis industry, this promise is seen as a first step rather than a final solution. The question remains: will Trump and his Republican allies push for a more substantial overhaul of marijuana policy, or will the status quo persist?

What Marijuana Industry Advocates Hope to See

Industry veterans and cannabis advocates are hopeful that a new Trump administration, supported by a Republican-controlled Congress, will usher in substantial federal policy changes. In particular, marijuana legalization proponents believe that:

Federal reclassification to Schedule 3 could reduce the legal risks faced by cannabis businesses while providing more opportunities for research and medical use.

Safe and equitable banking policies could help end the financial isolation cannabis companies face, enabling them to operate more efficiently and legally.

Reduced taxation could allow businesses to reinvest in growth and reduce the burden on an already overregulated industry.

However, the details of these changes remain to be seen, and advocates are pushing for more action from the administration.

State of the Cannabis Union: Legal Progress and Obstacles

Despite marijuana's federal illegality, the U.S. cannabis industry has flourished under state regulations. As more states legalize marijuana, a complex legal framework has developed, and states are increasingly pushing for greater autonomy in cannabis regulation. While federal law continues to prohibit marijuana, the federal government has taken a step back from aggressively enforcing marijuana laws in states where it is legal.

A significant moment came earlier this year when U.S. Attorney General Merrick Garland recommended that marijuana be reclassified from Schedule 1 to Schedule 3, which would allow cannabis to be used for medical purposes under federal law. While this represents a step forward, advocates argue that this move is too little, too late. Many believe that cannabis should be fully rescheduled, thereby removing all federal restrictions on its use and production.

Industry Facts Supporting Reform

Here are several key facts that make the case for federal marijuana reform under a new Trump administration:

Widespread Public Support for Legalization

Public support for cannabis legalization has reached an all-time high. A recent Pew Research Center poll found that 88% of U.S. adults believe marijuana should be legalized for either medical or recreational use. More than half of Americans also believe that legalizing marijuana is good for local economies, signaling broad public support for change.

Support for Reduced Government Interference

Gallup polls show that 55% of Americans, including 81% of conservatives, believe the government is involved in too many aspects of people's lives. This sentiment aligns with cannabis legalization, which many see as an issue of personal freedom and state rights.

The Cannabis Industry is a Major Economic Driver

The cannabis industry is one of the fastest-growing sectors of the U.S. economy. With more than 440,000 full-time employees, the cannabis industry is 11 times larger than the coal industry and nearly five times bigger than the U.S. apparel-manufacturing industry. In 2023 alone, the cannabis sector added nearly 23,000 new jobs, a 5.4% year-over-year increase.

Cannabis is Grown and Manufactured Domestically

Unlike many other industries, the cannabis industry is entirely domestic. Under current laws, marijuana products sold in the U.S. must be grown and manufactured in the country. This provides an added economic benefit by supporting American workers and businesses. By 2027, the regulated marijuana market is projected to generate \$53.5 billion in sales.

Unfair Tax Burdens on Legal Cannabis Businesses

The cannabis industry faces significant tax challenges due to Section 280E of the Internal Revenue Code, which prevents legal cannabis businesses from deducting ordinary business expenses that are available to other industries. This provision places a heavy financial burden on cannabis businesses, limiting their ability to reinvest and grow.

Overregulation is Stifling Industry Growth

The current federal prohibition has led to excessive regulation of the cannabis industry. Many entrepreneurs remain trapped in the illicit market due to the overly complicated legal framework governing the legal market. Advocates argue that by simplifying the federal regulatory structure, more businesses would be encouraged to enter the legal market, reducing criminal activity and improving safety.

Marijuana Legalization Has Reduced Cross-Border Smuggling

States that have legalized marijuana have seen a reduction in illegal cannabis trafficking across U.S. borders. Between 2018 and 2022, marijuana seizures at the U.S.-Mexico border dropped by 88%, as states began regulating their own marijuana production and consumption.

The Conservative Supreme Court May Support Reform

Some conservative members of the U.S. Supreme Court, such as Justice Clarence Thomas, have signaled that it may be time for a reassessment of federal marijuana laws. In a 2021 case, Justice Thomas noted that federal prohibitions on intrastate marijuana use and cultivation may no longer be necessary, suggesting the court may be more open to legal reform in the future.

What Lies Ahead for Federal Cannabis Reform?

Under the new Trump administration, there is reason to believe that significant change could be on the horizon for the marijuana industry. The Republican Party's increasing support for state rights, along with Trump's campaign promises of smart regulation and tax reform, signals potential progress for cannabis legalization and reform.

While challenges remain, including the ongoing clash between federal and state laws, advocates remain optimistic that a more business-friendly environment could soon emerge. The focus will likely be on reclassifying marijuana, addressing tax inequities, and allowing state-regulated businesses to operate more freely in the U.S. market.

In the coming months, it will be critical to monitor the actions of the new administration and its approach to federal marijuana policy. If Trump and the Republicans stay true to their policy priorities, the cannabis industry could be on the brink of meaningful, long-awaited reform.

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

© Copyright 2025 Cannabis Risk Manager. All Rights Reserved