



County of Monterey

Board of Supervisors

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June 10, 2024

Drug Enforcement Administration
Attn: DEA Federal Register Representative/DPW
8701 Morrisette Drive
Springfield, Virginia 22152

Re: Rescheduling of Marijuana from Schedule I to Schedule III (Docket No. DEA-1362)

To Whom it May Concern:

The County of Monterey Board of Supervisors welcomes this opportunity to provide the Drug Enforcement Administration (DEA) with comments regarding the long-overdue proposed rule to transfer marijuana from Schedule I to Schedule III of the Controlled Substances Act (CSA).

The Department of Health and Human Services (HHS) recommended in August 2023 – almost a year ago – that DEA should reschedule marijuana from the CSA's strictest schedule, Schedule I, to Schedule III.¹ On behalf of the Monterey County Board of Supervisors, I commend the Biden Administration for wisely taking this initial step to effectuate HHS' recommendation.

As you know, marijuana has been classified as a Schedule I drug since 1970, when Congress enacted the CSA. Unfortunately, the federal drug policy now lags behind most of the nation as over half of the states have legalized marijuana use in some form. In 1996, California voters approved medical cannabis/marijuana use. Twenty years later, in 2016, California voters passed Proposition 64 establishing a comprehensive system to legalize recreational marijuana for those twenty-one and older.

In her January 2024 letter, Senator Elizabeth Warren succinctly describes how the CSA divides controlled substances into five schedules ranging from Schedule I to Schedule V. Marijuana is currently a Schedule I drug — a classification reserved for the CSA's most dangerous drugs that have a "high potential for abuse," "no currently accepted medical use in treatment in the United States," and "a lack of accepted safety for use of the drug or other substance under medical supervision."² As noted by the esteemed Senator, marijuana exists in the same category as heroin, and a more dangerous category than fentanyl or cocaine — even though marijuana is consistently found to be less dangerous than those substances, and less dangerous than alcohol, which is not scheduled under the CSA.³

¹ Department of Health and Human Services, "Basis for the Recommendation to Reschedule Marijuana into Schedule III of the Controlled Substances Act," August 29, 2023,

<https://www.hhs.gov/sites/default/files/scheduling-recommendation.pdf>

² 21 U.S.C. 812(b)(1)

³ Senator Elizabeth Warren et al, Letter to DOJ and DEA on Descheduling Marijuana, January 29, 2024,

<https://www.warren.senate.gov/imo/media/doc/2024.01.29%20Letter%20to%20DEA%20on%20descheduling%20marijuana.pdf>



However, rescheduling marijuana would make it easier to conduct basic science research as it is difficult to conduct authorized clinical studies on schedule one drugs. Schedule III classification would allow researchers to access federal research dollars and conduct research with human subjects. This important step would provide further data on the health benefits and effects of marijuana use.

Additionally, the current Federal Tax Code prohibits marijuana business from deducting general business expenses. Moving marijuana to Schedule III would provide business owners the capacity to deduct a variety of expenses decreasing taxes significantly. This would place marijuana businesses in the same category as other industries and allow for those businesses to invest in infrastructure and growth.

Moreover, while rescheduling would not rectify the historical racial harms caused by the War on Drugs, it would provide an opportunity to change the cultural narrative surrounding marijuana, bringing us closer to fully ending marijuana prohibition.

The cannabis industry is an important economic engine in the County of Monterey. The County of Monterey Cannabis Program provides a local framework for the management of licensed commercial cannabis activities in coordination with state agencies to address taxation, regulation, enforcement, education, and the protection of the health, environment, and safety of our communities. The County is ranked sixth in the State of California for cannabis cultivation based on the number of active cultivation licenses. Local tax revenue from cannabis activities in Fiscal Year 2022-23 was \$3.6 million. According to the *2022 County of Monterey Crop and Livestock Report*, total production value for cannabis cultivation during 2022 was calculated at \$283.1 million, a decrease of \$335 million from 2021.

The local cannabis industry faces a number of challenges including the cannabis market downturn that began in 2021, meeting State and local requirements for annual licensure by January 2026, and paying State and local taxes. Moving cannabis to Schedule III would provide business owners the capacity to deduct a variety of expenses decreasing taxes significantly. This would place cannabis businesses in the same category as other industries and allow for those businesses to invest in infrastructure and growth. For this reason, the local cannabis industry and the County's overall economy would greatly benefit from Federal Tax Code changes.

For these reasons, the County of Monterey Board of Supervisors strongly supports this proposed rule change and stands ready to partner with President Biden and the DEA to implement this rule once finalized.

Sincerely,

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Glenn Church, Chair
Board of Supervisors

cc: The Honorable Alex Padilla, U.S. Senator for California
The Honorable Laphonza Butler, U.S. Senator for California
The Honorable Zoe Lofgren, 18th Congressional District
The Honorable Jimmy Panetta, 19th Congressional District