

# Tax and Trade Concept Note

A federal structure for lawful commerce, records, and accountability.

Commerce and Finance • Audience: Public / Staff / Partner • Draft v2.1 • whole-plant framework



**What this resource does:** *Outlines the main tax-and-trade design options WRCL should promote when explaining a typical federal cannabis economy.*

## Core premise

A fully legal Cannabis economy requires a clear tax-and-trade system understandable to both ordinary businesses and regulators. This includes permits, records, labels, tax events, auditability, and interstate rules that match the actual market without forcing compliant firms into cash or informal channels.

## Design principles

- Keep the system simple enough so that compliance is achievable.
- Avoid tax policies that sustain illegal market price benefits.
- Apply a TTB-like trade administration approach for permits, records, and taxable events where suitable.
- Match traceability to risk: lot, batch, and package accountability where needed instead of universal plant micromanagement.
- Maintain space for state revenue systems and state-managed participation.
- Design interstate settlement systems so states can keep their own revenue collection within a shared federal reporting and audit framework.

## Recommended building blocks

- Federal registration or permits for growers, manufacturers, wholesalers, and import/export entities where applicable.
- Rules for labels, formulas, and records applicable to adult-use and specific higher-risk categories.
- Outlined tax events and reporting requirements.
- Audit-ready transfer and inventory documentation.
- A digital settlement layer for interstate transactions, tax reporting, and recalls.
- A clearinghouse model for participating states that facilitates settlement, audits, and revenue reconciliation without requiring every program to use one state's seed-to-sale system.
- Micro and small-business treatment that prevents disproportionate burden.

## Relationship to hemp and medical lanes

Not every hemp or medical product should have the same tax treatment. The goal isn't uniformity; it's consistency. Federal law should stop relying on conflicting plant-source rules while still permitting different tax and trade treatments for various categories.

## Strategic message

Tax and trade are where legalization stops sounding symbolic and starts sounding real. WRCL should lead that discussion by explaining how legal cannabis commerce can operate with standard permits, audit-ready records, state-managed revenue systems, and interoperable digital settlements.

## Selected source basis

**About the Alcohol and Tobacco Tax and Trade Bureau** — Current TTB mission and tax/trade enforcement role.

<https://www.ttb.gov/about-ttb>

**FDA Drug Supply Chain Security Act (DSCSA)** — Package-level digital traceability model relevant to Cannabis product tracking design. <https://www.fda.gov/drugs/drug-supply-chain-integrity/drug-supply-chain-security-act-dscsa>

**USDA hemp program overview** — Current USDA cultivation, sampling, testing, and licensing baseline.

<https://www.usda.gov/farming-and-ranching/plants-and-crops/plant-breeding/hemp>

**Strategies 64: The One-Plant Solution** — Recent whole-plant framework proposal and useful strategic comparator.

<https://img1.wsimg.com/blobby/go/c3867b8d-9e34-48c6-9bda-231afbb4b7b9/downloads/911e85c7-e17d-44f9-9222-36918fa14adb/the-one-plant-solution.pdf?ver=1770546959970>

**Constitution Annotated: Compact Clause** — Official overview of interstate compact mechanics and congressional consent. [https://constitution.congress.gov/browse/essay/artI-S10-C3-3-1/ALDE\\_00013531/](https://constitution.congress.gov/browse/essay/artI-S10-C3-3-1/ALDE_00013531/)

**Multi-State Lottery Association** — Example of shared multistate administration with state-retained duties.

<https://www.musl.com/>