

112TH CONGRESS  
1ST SESSION

# H. R. 1985

To amend the Internal Revenue Code of 1986 to allow a deduction for expenses in connection with the trade or business of selling marijuana intended for patients for medical purposes pursuant to State law.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 25, 2011

Mr. STARK (for himself, Mr. ROHRABACHER, Mr. POLIS, Mr. PAUL, and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for expenses in connection with the trade or business of selling marijuana intended for patients for medical purposes pursuant to State law.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Small Business Tax  
5 Equity Act of 2011”.

1 **SEC. 2. DEDUCTION ALLOWED FOR EXPENSES IN CONNEC-**  
2 **TION WITH SALES OF MARIJUANA.**

3 (a) IN GENERAL.—Section 280E of the Internal Rev-  
4 enue Code of 1986 is amended—

5 (1) by striking “No deduction” and inserting  
6 “(a) IN GENERAL.—No deduction”, and

7 (2) by adding at the end the following new sub-  
8 section:

9 “(b) EXCEPTION.—Subsection (a) shall not apply to  
10 amounts paid or incurred in connection with the portion  
11 of the trade or business consisting of sales of marihuana  
12 (as defined by section 102(16) of the Controlled Sub-  
13 stances Act) intended for patients for medical purposes  
14 pursuant to the law of a State.”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 subsection (a) shall apply to amounts paid or incurred  
17 after the later of—

18 (1) the date of the enactment of this Act, or

19 (2) the date on which the State law referred to  
20 in section 280E(b) of the Internal Revenue Code of  
21 1986 (as added by subsection (a)) is first effective.

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