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Insights

President Trump Signs Executive Order Directing Federal Agencies to Reschedule Cannabis to a Schedule III Drug

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Federal cannabis policy just took its biggest step forward in decades. On Thursday, December 18, 2025, President Trump signed an executive order directing federal agencies to move cannabis from Schedule I to Schedule III under the Controlled Substances Act. The order instructs the Attorney General and other agencies to complete the rulemaking necessary, in the "most expeditious manner."

Under current federal law, cannabis is a Schedule I drug, alongside heroin and LSD, meaning the federal government believes there is no currently accepted medical use and a high potential for abuse.

Moving cannabis to Schedule III would place it in a less restrictive category of controlled substances. Schedule III drugs are defined as having a lower potential for abuse, accepted medical uses, and moderate dependence.

The executive order does not by itself reclassify cannabis; the formal change will only take effect after federal agencies and the Attorney General complete the process required under federal law. Most importantly, **rescheduling does not legalize cannabis under federal law**, it remains a controlled substance.

This executive order will have a significant impact on medical marijuana research and cannabis businesses. The change is expected to ease some restrictions on research into medical marijuana use by removing some of the barriers tied to Schedule I classification. Additionally, the rescheduling will likely allow cannabis businesses to deduct ordinary business expenses under federal tax law (Section 280E doesn't apply to Schedule III substances the same way it does to Schedule I/II).

In summary, this executive order is a significant step toward federal cannabis reform.

We will continue to monitor cannabis federally and share updates regarding its potential impacts on the cannabis industry. If you have questions in the meantime, please don't hesitate to contact **Tara Tedrow**

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