

Practice Update

DOJ Reclassifies Medical Marijuana to Schedule III: Key Implications for Florida and National Cannabis Operators

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The U.S. Department of Justice (DOJ) has announced a landmark shift in federal cannabis policy, reclassifying certain cannabis from Schedule I to Schedule III under the Controlled Substances Act (CSA). As reported by the Associated Press, the change applies to state-licensed medical marijuana and represents the most consequential federal reform affecting the cannabis industry in more than 50 years.

While cannabis remains illegal under federal law, this development materially alters the tax, regulatory, and operational landscape for cannabis businesses — particularly for operators in established medical markets such as Florida.

Key Takeaways

- Medical marijuana is no longer classified as a Schedule I substance and is now recognized as having accepted medical use and a lower potential for abuse.
- The change applies to FDA-approved drug products containing cannabis and state-licensed medical marijuana programs, but does not apply to adult-use cannabis or illicit market activity.

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- Federal prohibitions remain in place, including restrictions on interstate commerce and non-compliant activities.

Implications for Operators

Florida's medical marijuana market is one of the largest and most tightly regulated in the country and medical marijuana operators around the country stand to be significantly impacted:

- **280E Tax Relief**
Florida-licensed Medical Marijuana Treatment Centers (MMTCs) and operators in the medical marijuana markets around the country may now be positioned to deduct ordinary and necessary business expenses, a substantial shift from prior federal tax treatment. This change could materially improve margins in Florida's high-cost, vertically integrated system and any plant-touching business in a medical marijuana market anywhere in the country.
- **Vertical Integration Considerations**
Florida's requirement that MMTCs operate across the full supply chain (cultivation, processing, and dispensing) and similar requirements in New York amplify the impact of 280E relief, as operators historically bore tax inefficiencies across all business lines.
- **Licensing and Market Expansion**
Improved federal tax treatment may accelerate capital deployment, M&A activity, and competitive positioning among both incumbent operators and new entrants.
- **Continued Regulatory Discipline**
Operators must remain fully compliant with state law and regulations. The federal shift does not alter the state's oversight framework or operational requirements.

Broader National Impact

For multistate operators (MSOs) and national stakeholders, the rescheduling introduces several

important considerations:

- **Tax Planning Opportunities**
Companies should immediately evaluate restructuring, accounting methods, and amended return strategies in anticipation of 280E no longer applying to qualifying activities.
- **Capital Markets and Financing**
The move may improve access to institutional capital, lending, and banking relationships, though comprehensive banking reform remains outstanding.
- **Research and Product Development**
Schedule III status is expected to facilitate expanded clinical research and product standardization, potentially accelerating FDA-related pathways.
- **Regulatory Complexity**
The DOJ's approach and the limited scope of the rescheduling may create interpretive challenges, particularly for businesses operating across both medical and adult-use markets.
- **DEA Registration**
The DOJ also announced an expedited DEA registration pathway for entities already holding qualifying state medical marijuana licenses. While DEA registration is not expressly required to obtain tax relief, registration may offer additional strategic benefits, including potential participation in federally sanctioned research and improved positioning for future interstate or institutional transactions if federal policy continues to evolve.

What This Means Now

Operators — particularly those with exposure in a medical market — should consider taking the following near-term steps:

- Evaluate federal tax positions and prepare for potential changes to 280E applicability

- Review entity structures and intercompany arrangements; operators engaged in both medical and adult-use cannabis may need to segregate operations, expenses, and revenue streams to preserve tax and compliance benefits for medical activities
- Assess state-by-state operational exposure, especially where medical and adult-use activities coexist
- Monitor forthcoming federal guidance, rulemaking, and potential legal challenges

Looking Ahead

Further administrative proceedings and potential legal challenges are expected as the rescheduling is implemented. The scope of the reform — particularly its limitation to medical marijuana — may evolve, but significant uncertainty remains. Navigating this evolving federal framework requires careful coordination across tax, regulatory, transactional, and enforcement considerations. Akerman can assist with compliance planning, restructuring, merger and investment strategy, and risk mitigation as federal policy continues to develop.

Conclusion

The DOJ's decision to reclassify medical marijuana to Schedule III marks a pivotal inflection point for the cannabis industry. For Florida operators and national platforms alike, the change presents meaningful economic upside, alongside continued regulatory complexity.

Businesses should act promptly to reassess tax strategies, operational structures, and growth plans in light of this development.

Disclaimer:

Possessing, using, distributing, and/or selling marijuana or marijuana-based products is illegal under federal law, regardless of any state law that may decriminalize such activity under certain

circumstances. Although federal enforcement policy may at times defer to states' laws and not enforce conflicting federal laws, interested businesses and individuals should be aware that compliance with state law in no way assures compliance with federal law, and there is a risk that conflicting federal laws may be enforced in the future. No legal advice we give is intended to provide any guidance or assistance in violating federal law.

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