

March 6, 2020

The Honorable Michael Crapo
Chairman
Senate Banking, Housing and Urban
Affairs Committee
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Senate Banking, Housing and Urban
Affairs Committee
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the undersigned state bankers associations, representing banks of all sizes, we write to express our support for the SAFE Banking Act (S. 1200) and to encourage the Senate Banking, Housing and Urban Affairs Committee to markup and advance the legislation as soon as possible.

Although we do not take a position on the legalization of marijuana, our members are committed to serving the financial needs of their communities – including those that have voted to legalize cannabis. Currently, thirty-three states covering 68 percent of the nation's population have legalized cannabis for medical or adult-use, and the issue could appear on as many as 10 state ballots this November. Despite this ever-growing voter preference, current federal law continues to prevent banks from safely banking these businesses without fear of federal sanctions. As a result, this segment of our local economies is forced to operate on an all-cash basis, which creates serious public safety, revenue administration, and legal compliance concerns in the communities we serve.

The impact on our local economies could also prove significant, as revenue paid to unrelated industries that provide products and services to state-authorized cannabis businesses such as law firms, accountants and contractors is technically money derived from illegal activities, and thus could be considered money laundering. This raises the significant question of whether financial institutions can bank these ancillary businesses, as such actions could likewise be considered violations of the money laundering laws. Without a change to federal law, that entire portion of economic activity in legal cannabis states may be marginalized from the banking system.

The SAFE Banking Act is a banking-specific solution that would address the reality of the current marketplace and allow banks to serve cannabis-related businesses in states where the activity is legal. It respects state sovereignty and does not facilitate cannabis sales in states that have chosen not to legalize the drug. Although there are admittedly broader public policy questions at play, we ask that you evaluate and address this pressing banking problem, which is within your power to resolve. Doing so will reap immediate public safety, tax and regulatory benefits while Congress continues to grapple with broader decisions about national drug policy.

Sincerely,

Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association

Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association
Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: Members of the Senate Banking, Housing and Urban Affairs Committee
Members of the United States Senate