



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

Dear Senator Crapo,

Thank you for seeking comment on your efforts to improve the SAFE Banking Act as passed by the House of Representatives by a vote of 321-103. As the leaders of organizations representing thousands of state-licensed and ancillary cannabis businesses across the United States, we believe that it is essential that Congress pass effective legislation on the crucial issue of banking access for these American entrepreneurs. The Secure And Fair Enforcement (SAFE) Banking Act as passed by the House of Representatives does just that, and we write to ask you to expeditiously move the House version through Committee.

In a May 2019 letter to House leadership, 38 Attorneys General expressed their bipartisan support for the SAFE Banking Act. The Attorneys General argued that the states, territories, and the federal government share an interest in protecting public safety by bringing state-legal cannabis products into the regulated banking sector. The AGs also explained that an effective safe harbor would bring billions of dollars into the banking sector, enabling law enforcement, tax agencies, and regulators to monitor cannabis businesses and their transactions more effectively.

Support for the SAFE Banking Act extends beyond state law enforcement to the private sector as well. For example, in September of 2019, the American Bankers Association wrote House leadership to express support for the SAFE Banking Act. In June 2019, the Credit Union National Association and American Association of Credit Union Leagues wrote Senate Banking Committee leadership to demonstrate support for the same bill.

Public support has moved strongly in favor of effective cannabis regulations. A broad and bipartisan majority of Americans now support the state-regulated cannabis industry. For instance, a recent Gallup poll found a full 90% of Americans favor legal medical marijuana and 66% favor making cannabis legal for adult use. It is not just that these reforms are favored by voters, more than two-thirds of Americans already live in states with some form of legal marijuana. Indeed, there are now 33 states that sanction and regulate medical cannabis programs.

Many of these states are finding cannabis to be an effective and natural medicinal alternative to opioids. The state legal cannabis industry employs more than 200,000 people and is estimated to have generated roughly \$12 billion in retail sales in 2019. But the businesses that satisfy this

demand continue to face unfair and unnecessary banking challenges. Due to the illegal status of cannabis at the federal level, cannabis businesses struggle to obtain and maintain bank accounts. Yet, banking is a crucial element for this burgeoning industry to operate safely. Without banking services, U.S. businesses will continue to operate in a cash environment that endangers employees and the public.

Let us be explicit: the SAFE Banking Act is not a referendum on federal legalization of cannabis. Support for federal legalization is not a prerequisite to supporting SAFE Banking. By supporting cannabis banking reform, one stands with the majority of state Attorneys General who have called on Congress to act. SAFE Banking means supporting U.S. businesses that operate legally under state law by providing them with the same banking tools provided to all other American industries. In short, the SAFE Banking Act is a referendum on public safety for the small businesses responding to the will of the voters and for the Americans who patronize these businesses.

Beyond our general call for the passage of the SAFE Banking Act, we also want to respond to the memo you released at the end of last year. While we appreciate you seeking public comment to inform your decision-making, we have concerns about some of the proposed standards included in the memo. In particular, the suggestion that banking services might only be made available to businesses that sell cannabis products that test below 2% THC is one that would completely undermine the purpose of the legislation, making profitable operations by state-legal cannabis businesses nearly impossible.

Setting a low THC limit as a condition for obtaining banking services would have the effect of driving consumers to the illegal market, with revenue shifting from state-legal markets, which produce tens of thousands of living wage jobs and generate billions of dollars in tax revenue, to an underground economy, which produces neither. The same is true with respect to the suggestion that banking services be denied to companies that sell vape pens or other cannabis products that adults consume. Cannabis consumers will find the products that they desire, whether those products are legal or illegal, and the recent vaping crisis in the U.S. has underscored the dangers associated with steering consumers toward an unregulated market.

The suggested product limitations would actively harm the patient suffering from PTSD in Pennsylvania, the cancer patient in North Dakota, and Americans like them who turn to these state-legal markets across the country. We believe that they deserve better, as do the small business owners and entrepreneurs who have made relief for them possible. It is far better to allow states to continue to regulate their cannabis markets and address public safety issues as they arise, as they have been doing since the regulated markets were established. Of course, these state regulations could be informed by government-funded studies, including the types of studies proposed in your memo.

Together, the undersigned represent thousands of member-businesses in the United States. We are not writing to ask you to support federal legalization. We are merely asking that you facilitate the availability of financial services to the state-legal cannabis industry in order to

improve public safety, allow states to easily track and collect tax revenue, and assist the state-legal industry with displacing an illicit market that is currently operating free from any regulatory oversight.

The cannabis industry stands ready to work with your office on the myriad technical issues that you have suggested should be a priority, including making certain that these products are not available to children.

We urge you to work with the state-regulated cannabis industry, the financial services sector, and other interested stakeholders on a solution that supports, rather than hinders, this burgeoning industry and the will of the American public.

Sincerely,



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