



[To State Treasurers and Governors]

With the outbreak of the COVID-19 pandemic, Cannabis businesses across the nation have voluntarily banded together for the national good in this time of crisis. Nationwide, cannabis companies have donated large amounts of personal protective equipment (PPE) to first responders and medical workers,¹ hired workers laid off in other industries, and partially adapted manufacturing capabilities to be able to produce thousands of gallons of hand sanitizer.² Indeed, every state that is only allowing essential businesses to operate has deemed medical cannabis to be essential or allowed suppliers to remain open to the public in order to maintain a steady supply of medicine to patients suffering from cancer, HIV/AIDS, PTSD, severe seizure disorders, and other conditions. And nearly every state with adult-use cannabis sales has allowed those stores to remain open, as well.

Like all essential businesses, cannabis businesses are facing significant uncertainty and costs to provide for our employees and to maintain the medical supply chain during this pandemic. Yet, unlike every other essential business, there is an underlying federal-state tension which puts our businesses in a uniquely vulnerable and dire operational and financial position. This is particularly true of our small and minority-owned businesses.

As you likely know, cannabis businesses are ineligible for the hundreds of billions of dollars in emergency economic relief available to businesses through the Coronavirus Aid, Relief, and Economic Security Act (CARES) due to regulations prohibiting businesses engaged in cannabis-related activity from receiving Small Business Administration (SBA) loans and other forms of assistance.³ Although cannabis businesses operate in strict compliance with state law and comply with a broad range of federal mandates, including paying federal corporate taxes at a much higher effective rate than other businesses due to a quirk in the tax code, their activity is still considered illegal under federal law. This creates all kinds of hardship, including this current prohibition on SBA assistance.

We ask for your help in this time of need in two ways.

First, please speak to your congressional delegation about including a provision in the next COVID-19 legislative relief package that would make state-legal cannabis businesses eligible for SBA assistance. As state officials, you know that these businesses are a legitimate part of the local economy and community, creating good-paying jobs and providing what have widely been deemed essential services to citizens. Yet they are still at risk of failing and, if they do, deserve access to emergency loans just like any other business in this country.

Second, please consider creating a state-based lending or loan guarantee program for cannabis businesses; specifically, the creation of a program to fill the gap created by cannabis business ineligibility for the Small Business Administration's Paycheck Protection Program and Economic Injury Disaster loans. Those programs provide short-term liquidity to businesses and workers to assist with operating expenses, healthcare costs, paid sick leave, other benefits required under federal relief packages, and to help out with ensuring business continuity in the event of an economic disaster.

¹ <https://www.fool.com/investing/2020/03/24/canadian-pot-companies-donate-masks-materials-to-c.aspx>

² <https://www.ganjapreneur.com/cannabis-brands-making-sanitizer-donating-equipment-in-coronavirus-fight/>

³

<https://www.bostonglobe.com/2020/03/25/marijuana/marijuana-businesses-are-ineligible-coronavirus-disaster-relief-federal-agency-confirms/>

While the underlying federal issues with banking, taxes, and capital access remain, our businesses need access to some additional liquidity to ensure reliability in the medical supply chain for patient access and employee retention in these uncertain times. Thank you for your consideration, and please stay safe and healthy.

Regards,

Cannabis Trade Federation

Global Alliance for Cannabis Commerce

Marijuana Policy Project

Minority Cannabis Business Association

National Cannabis Industry Association

National Cannabis Roundtable