

September 19, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Speaker Pelosi and Minority Leader McCarthy:

On behalf of the undersigned state bankers associations, representing banks throughout the country, we write to express our support for H.R. 1595, the Secure and Fair Enforcement (SAFE) Banking Act of 2019, which will soon be considered before the House of Representatives.

Since 1996, 33 states comprising 68 percent of the nation's population have legalized cannabis for medical or adult use, and that number is only expected to grow. Despite this ever-growing voter preference, current federal law continues to prevent banks from offering products and services to these businesses without fear of federal sanctions. Inevitably, leaving the cannabis industry unbanked presents serious public safety, revenue administration, and legal compliance concerns and must be remedied immediately.

As a result of the federal prohibition and lack of regulatory clarity, legal cannabis businesses must operate on an all-cash basis, subjecting their employees and the general public to serious risk of criminal activity and harm. These businesses also must remit payments for state taxes and licensing fees in cash, denying the states the efficiencies and safety of more modern payment methods. This in turn significantly increases state compliance auditing costs, since operating on an all-cash basis leaves no paper trails for auditors to follow.

The impact on local economies is also significant. As the cannabis industry continues to grow in states where it is legal, unrelated businesses that provide products and services to the industry also become ensnared in the problem. Because revenue paid to them by cannabis businesses can be considered monies derived from illegal activities, and financial institutions that bank the unrelated businesses can be accused of violating anti-money laundering laws. If banks are forced to discontinue relationships with these unrelated businesses, a significant portion of the economy in states where cannabis is legal will be cut off from the regulated banking system.

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. That is why we support H.R. 1595. This is fair and balanced legislation that will permit depository institutions to serve the needs of their customers in states where cannabis is legal. The bill provides a mechanism for the cannabis industry and its service providers to deposit their cash in regulated financial institutions, which allows banks to meet the needs of their communities and helps those communities reduce cash-motivated crimes, increase the efficiency of tax collections, and improve the financial transparency of the cannabis industry.

We urge you to support H.R. 1595 when this legislation comes before the House.

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 U.S. House of Representatives