



NATIONAL ASSOCIATION OF
STATE TREASURERS

RESOLUTION

Advancing Legislation allowing the States with state legalized medical and recreational cannabis the ability to bring these activities into the Safety and Scrutiny of the National Banking System.

WHEREAS, the National Association of State Treasurers is not taking any position on the legalization of cannabis -- medical or recreational -- rather this resolution is focused on banking access and financial services for states that have adopted some form of legalized cannabis. States that have not approved legalized cannabis also deserve protection under the law; and

WHEREAS, as of February 2019, 33 states have legalized medical cannabis use under state law including ten states and the District of Columbia that have passed laws making the use of recreational cannabis legal for adults over 21 years of age; and

WHEREAS, all of these states and the District of Columbia have focused on implementing cannabis legalization through the use of robust regulatory systems, which are ever mindful of protecting the citizens of the states, and recognizing the public health and safety issues that must be addressed; and

WHEREAS, there remains an ongoing conflict between states' laws legalizing cannabis and current federal laws, resulting in the vast majority of financial institutions refusing to provide services to legal cannabis businesses; and

WHEREAS, the small number of financial institutions willing to provide services to legal cannabis businesses rely on the U.S. Treasury Financial Crimes Enforcement Network (FinCEN) guidance to clarify Bank Secrecy Act (BSA) expectations to provide those services; and

WHEREAS, lacking banking services, many legal cannabis businesses operate solely in cash. Cash-based systems are inefficient, expensive, and opaque, making illicit activity more difficult to track and posing a significant risk to public safety by increasing the likelihood of violent crime; and

WHEREAS, unbanked cannabis businesses are unable to write checks, make and receive electronic payments, utilize payroll providers, accept debit or credit cards, or pay taxes through a financial institution, tax collection is more difficult and burdensome for both businesses and governments, and the potential for tax fraud is substantially increased; and

WHEREAS, the inability to access banking services impacts not only legal cannabis businesses, but also employees in the cannabis industry and secondary service providers who contract or do business with cannabis businesses.

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers supports the following:

1. NAST *supports* common sense federal laws and regulations to provide essential banking services to state legalized cannabis businesses, promote public safety and financial transparency, and facilitate local, state and federal tax and fee collection without compromising federal enforcement of anti- money laundering laws against criminal enterprises, recognizing that NAST takes no position as to whether cannabis should be legalized under the laws of the

United States or of any state.

2. NAST *supports* financial law enforcement authorities' consistent interpretation of the FinCEN guidance and, barring changes to federal law, the continued application of the guidance to allow some financial institutions to offer banking services to the state legalized cannabis industry.

Approved this 17th Day of May, 2019, by the
National Association of State Treasurers

A handwritten signature in black ink, appearing to read "David Damschen", with a long horizontal flourish extending to the right.

Hon. David Damschen
NAST President & Utah State Treasurer