

May 20, 2019

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:

The undersigned state bankers associations, which represent banks of all sizes, write to urge the Senate Banking, Housing and Urban Affairs Committee to conduct hearings on the merits of providing cannabis-related businesses access to banking services.

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 safely banking these businesses without fear of federal sanctions. Leaving the cannabis industry unbanked presents serious public safety, revenue administration, and legal compliance concerns and must be remedied immediately.

As a result of congressional inaction and the 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, 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. We believe federal action is necessary and support a solution that would allow banks to serve cannabis-related businesses in states where the activity is legal. We also support a thorough examination of the issue and potential legislative solutions by the committee. We appreciate that there are broader public policy questions surrounding cannabis legalization that merit debate, but we ask that you focus narrowly on the urgent banking problem at hand, which is within your power to resolve. Doing so will reap immediate public safety, tax and regulatory benefits while Congress contemplates 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  
Kentucky 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