

March xx, 2020

The Honorable Michael Crapo  
Chairman  
Senate Banking, Housing and Urban  
Affairs Committee  
Washington, D.C. 20515

The Honorable Sherrod Brown  
Ranking Member  
Senate Banking, Housing and Urban  
Affairs Committee  
Washington, D.C. 20515

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the undersigned state bankers associations, representing banks of all sizes, we write to express our support for the SAFE Banking Act (S. 1200) and to encourage the Senate Banking, Housing and Urban Affairs Committee to markup and advance the legislation as soon as possible.

Thirty-three states covering 68 percent of the nation's population have now legalized cannabis for medical or adult-use, and the issue could appear on as many as 10 state ballots this November. Despite this ever-growing voter preference, current federal law continues to prevent banks from safely banking these businesses without fear of federal sanctions. As a result, this segment of our local economies is forced to operate on an all-cash basis, which creates serious public safety, revenue administration, and legal compliance concerns in the communities we serve.

The impact on our local economies could also prove significant, as revenue paid to unrelated industries that provide products and services to state-authorized cannabis businesses such as law firms, accountants and contractors is technically money derived from illegal activities, and thus could be considered money laundering. This raises the significant question of whether financial institutions can bank these ancillary businesses, as such actions could likewise be considered violations of the money laundering laws. Without a change to federal law, that entire portion of economic activity in legal cannabis states may be marginalized from the banking system.

The SAFE Banking Act is a banking-specific solution that would address the reality of the current marketplace and allow banks to serve cannabis-related businesses in states where the activity is legal. It respects state sovereignty and does not facilitate cannabis sales in states that have chosen not to legalize the drug. Although there are admittedly broader public policy questions at play, we ask that you evaluate and address this pressing banking problem, which is within your power to resolve. Doing so will reap immediate public safety, tax and regulatory benefits while Congress continues to grapple with broader decisions about national drug policy.

Sincerely,

cc: Members of the Senate Banking, Housing and Urban Affairs Committee  
Members of the United States Senate