



17 March 2021

The Honorable Ed Perlmutter
United States House of Representatives
1226 Longworth House Office Building
Washington, DC 20515

Dear Representative Perlmutter:

The Arizona Dispensaries Association would like to thank you for your leadership as you move forward with the reintroduction of the Secure and Fair Enforcement (SAFE) Banking Act. With an eye to economics and public safety, we consider this legislation to be essential to the businesses we represent.

Cannabis businesses transact solely in cash, amounting to billions of dollars in cash transactions each year, which poses significant public safety concerns. The Arizona cannabis program alone, which is the fourth top cannabis paradigm within the United States, garnered over \$1 billion in sales in 2020. Within the first ten days of recreational cannabis sales, Arizona businesses garnered at least \$2.9 million. With over \$1 billion in sales in 2020, received almost exclusively in cash payments, and an expanding recreational cannabis market, Arizona businesses must then use this cash to pay employees and taxes.¹ Arizona cannabis businesses paid \$500,00 in excise taxes from the \$2.9 million earned from those first ten days of recreational operations in January. With an influx of cash to cannabis operators, obtained in an extremely short period of time, businesses can face difficulty in transporting taxation payments to local tax offices. This example underscores the immense challenges cannabis operators undergo due to cash only transactions.

The reliance on cash transactions causes reason for safety concerns of not only industry employees, but also the communities which they serve. As cannabis businesses operate using cash transactions, it is necessary to keep large amounts of cash on the premises. Aware of this fact, criminal actors targeted cannabis businesses for burglaries across the country in the spring of 2020. Members of the Arizona Dispensaries Association were targeted for these break-ins, resulting in significant financial losses not only due to theft, but also as a result of the accompanying property damage. SAFE Banking would enhance the safety of industry employees and the communities in which cannabis businesses operate by allowing businesses to drastically reduce the amount of cash on hand, lessening the chances of cannabis businesses being targeted

¹ Randazzo, Ryan. "Arizona Dispensaries Sold Nearly \$3 Million Worth of Recreational Marijuana in the First 10 Days." <https://www.azcentral.com/restricted/?return=https%3A%2F%2Fwww.azcentral.com%2Fstory%2Fmoney%2Fbusiness%2Fconsumers%2F2021%2F03%2F15%2Frecreational-marijuana-sales-in-arizona-hit-nearly-3-million-in-first-10-days%2F6939162002%2F>.

for this type of criminal activity. Additionally, with the ability to process payments electronically, there is a more detailed and accurate accounting of business activity, increasing the potential for increased tax revenue over the long term.

Nationwide, the cannabis industry's four-year job growth rate is an astounding 161%.² The Arizona cannabis industry alone employs 20,000 individuals, with over 5,000 of those opportunities being created within 2020, which is especially noteworthy considering the far-reaching impacts of the COVID pandemic. As the SAFE Banking Act creates a safe harbor for financial institutions to bank the proceeds of state-legal cannabis businesses, its enactment is critical not only for Arizona's cannabis industry to continue to grow at an exponential rate, but to also contribute to the State of Arizona's economic recovery during the aftershocks of the pandemic.

SAFE Banking addresses many concerns ranging from economic viability to public safety, not only with bipartisan support, but with a neutral impact on the budget. Arizona Dispensaries association is prepared to work together to advance this legislation into law in the 117th Congress.

Best regards,

A handwritten signature in black ink that reads "SAM". The letters are stylized and connected, with a large, sweeping "S" and "M".

Sam Richard, Executive Director
Arizona Dispensaries Association

² Barcott, Bruce, Beau Whitney and Janessa Bailey. "Jobs Report 2021." <https://leafly-cms-production.imgix.net/wp-content/uploads/2021/02/13180206/Leafly-JobsReport-2021-v14.pdf>