



March 16, 2021

Chairwoman Maxine Waters
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Ranking Member Patrick McHenry
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

The National Cannabis Industry Association (NCIA), the largest and oldest national trade association dedicated to protecting state-legal cannabis businesses, defending state laws, and advancing federal policy reforms, would like to offer its endorsement and support for the Secure and Fair Enforcement (SAFE) Banking Act. On behalf of our members, we thank Congressman Perlmutter, Congressman Stivers, Congresswoman Velazquez, and Congressman Davidson for reintroducing this critical legislation that would provide fair access to banking and financial services for state-licensed hemp and cannabis cultivators, processors, and retailers throughout the country.

Founded in 2010, NCIA represents nearly 2,000 member-businesses and tens of thousands of cannabis professionals committed to replacing underground marijuana markets with a responsible and regulated cannabis industry.

Currently, our industry supports over 321,000 full-time American jobs, as well as billions in tax revenue and economic activity. In 2020, the ten states that allowed taxed and regulated adult-use sales (Alaska, California, Colorado, Illinois, Massachusetts, Maine, Michigan, Nevada, Oregon, and Washington) during that year collected [more than \\$3 billion in combined state tax revenue](#). Five additional states have already enacted laws that will institute legal sales this year (Arizona, New Jersey, Montana, South Dakota, and Vermont) and the state of Virginia has enacted a law that will regulate sales by 2024. An additional 21 states allow cannabis to be sold to patients for medical use.

Despite all the progress in the states, current law restricts legitimate licensed marijuana businesses from accessing banking services and products, such as depository and checking accounts, resulting in most businesses operating in all cash, and a serious public safety risk for our communities. Financial institutions that provide banking services to legitimate marijuana businesses are currently subject to criminal prosecution for "aiding and abetting" a federal crime and money laundering due to the Controlled Substances Act. Licensed and regulated businesses are being cut off and unable to accept credit cards, deposit revenues, or write checks to meet payroll or tax obligations. This situation not only creates an

unnecessary public safety risk, it poses an undue burden on state and local tax and licensing authorities, which are forced to take large cash payments. These taxes and licensing fees fund the enforcement of state marijuana laws as well as school construction, drug education activities, and infrastructure programs.

In order to operate safely and successfully, businesses must have access to traditional financial services. For the medical and adult-use cannabis industries, which conduct tens of billions of dollars in transactions across the vast majority of U.S. states, the lack of access to financial services creates public safety hazards, including an increased chance of becoming a target for robberies, loss of economic opportunity, and inability to retain workforce talent. Restricting financial services to licensed cannabis businesses also prevents the elimination of illicit businesses currently operating in unregulated markets. The SAFE Banking Act would offer not only safe harbor for financial institutions that choose to service cannabis related businesses, but would also provide much needed clarity and direction from the federal government.

Furthermore, the current untenable situation disproportionately impacts small and minority-owned businesses in the legal cannabis industry which all too often fall prey to predatory lenders in the absence of access to traditional lending programs from financial institutions.

Now is the time to pass the SAFE Banking Act, which has already passed the House of Representatives with overwhelming bipartisan support in the 116th Congress by a vote of 321-103. The language was also included in two different COVID-19 relief packages passed by the House last year. This is after nearly a decade of significant regulatory changes at the state level. Ending this conflict between state and federal cannabis laws will promote a sound and robust financial system that best supports economic growth and job creation while providing the transparency necessary for the strict regulatory compliance required under state laws.

Sincerely,

A handwritten signature in blue ink, appearing to read 'A. Smith', with a stylized flourish at the end.

Aaron Smith
CEO & Founder
National Cannabis Industry Association