

JOINT RELEASE: SAFE BANKING ACT PASSES U.S. HOUSE OF REPRESENTATIVES WITH OVERWHELMING, BIPARTISAN SUPPORT

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Press Release

WASHINGTON, D.C. – Today, the U.S House of Representatives passed landmark legislation to reform federal cannabis laws and reduce the public safety risk in communities across the country. H.R. 1595, the Secure and Fair Enforcement Act of 2019 (SAFE Banking Act) passed by a vote of 321 to 103.

Authored by U.S. Reps. Ed Perlmutter (D-CO-07) and Denny Heck (D-WA-10) and cosponsored by Reps. Steve Stivers (R-OH-15) and Warren Davidson (R-OH-08), the bill allows marijuana-related businesses in states with some form of legalized marijuana and strict regulatory structures to access the banking system. Today, 47 states, four U.S. territories, and the District of Columbia – representing 97.7 % of the U.S. population – have legalized some form of recreational or medical marijuana, including CBD oil.

“Thousands of employees, businesses and communities across this country have been forced to deal in piles of cash because of the conflict between state and federal law. After six years of working on this bill, the SAFE Banking Act will go a long way in getting cash off our streets and providing certainty so financial institutions can work with cannabis businesses and employees,” **said Perlmutter**. “I appreciate the partnership of Reps. Heck, Stivers and Davidson and the input and support from several others including Chairwoman Waters for their help passing this bill in the House. I look forward to working with Senate

Banking Committee Chairman Crapo, Ranking Member Brown, and the entire Senate as they take up this important issue.”

“Today’s passage of the SAFE Banking Act is a major milestone. When we began this journey over six years ago, we knew that the changes in state laws around cannabis meant that the federal government would have to act to address public safety. Time kept passing, even as the bill did not, and that confirmed the need for this legislation. More and more states changed their laws with regard to marijuana, and the need to get cash off the streets kept growing,” **said Heck**. “I am grateful to Congressman Perlmutter for his commitment to SAFE Banking, and I thank my colleagues for bringing together a coalition to pass this important legislation.”

“Today is a step forward for a common-sense bill that will make communities across the country safer. For me this has nothing to do with the larger debate about marijuana, instead it’s about legislating for the world we live in, and that reality includes legal businesses being forced to assume the huge risks that come from operating exclusively in cash,” **Stivers said**. “I’m grateful that my colleagues, especially Representatives Perlmutter, Heck, and Davidson, have seen the importance of providing access to our banking system, and I look forward to the SAFE Banking Act passing the Senate and being signed into law.”

“The SAFE Banking Act defends civil liberties,” **Davidson said**. “Passing this bill keeps the right perspective: No federal regulator should block Americans’ lawful access to the financial system. This principle holds true, whether you are talking about firearms or cannabis. I was an original cosponsor of this bill and welcome its passage. It is incumbent on the Senate to join the House and accomplish this important legislative task.”

The SAFE Banking Act prompted the first-ever congressional hearing on the issue of cannabis banking in February. On March 27, 2019, the Financial Services Committee approved the bill by a vote of 45-15. Following the markup, several improvements were made to the bill, including: 1) strengthening the safe harbor for insurance coverage provided to cannabis-related businesses; 2) prohibiting bank regulators from directing a bank to close an account for reputational reasons; and 3) extending the safe harbor to legitimate hemp-related businesses and

requires guidance from the Federal banking regulators for financial institutions that choose to serve hemp businesses. In addition, the SAFE Banking Act requires a GAO study and annual regulator reports to Congress to monitor that there is equal access to credit and to reduce barriers to marketplace entry for potential and existing minority-owned and women-owned cannabis-related legitimate businesses.

Under current law, financial institutions providing banking services to legitimate and licensed cannabis businesses under state laws are subject to criminal prosecution under several federal statutes such as "aiding and abetting" a federal crime and money laundering. Therefore, businesses which legally grow, market or sell cannabis in states that have legalized its sale are generally locked out of the banking system, making it difficult for them to maintain a checking account; access credit; accept credit and debit cards; meet payroll; or pay tax revenue. This has created a significant public safety risk, as these businesses are forced to operate as cash-only businesses in an industry with billions of dollars in transactions. These high-volume cash businesses are being targeted by violent criminals and putting our communities at risk.

In response, the SAFE Banking Act seeks to harmonize federal and state law by prohibiting federal regulators from taking punitive measures against depository institutions that provide banking services to legitimate cannabis-related businesses and ancillary businesses (e.g. electricians, plumbers, landlords, etc.) that serve them. The bill establishes a safe harbor for any depository institution that chooses to provide banking services to a cannabis-related legitimate business which holds and maintains a license from a state or local government to engage in manufacturing, growing, or producing, as well as any business who handles, sells, transports, displays or distributes cannabis or cannabis products. The SAFE Banking Act is seen as the first of many cannabis reform measures Congress needs to address.

In April, the Senate companion bill (S. 1200) was introduced by Sens. Cory Gardner (R-CO) and Jeff Merkley (D-OR). The Senate Banking Committee held a hearing on the issue in July, and Banking Committee Chairman Mike Crapo (R-ID) recently announced plans to take up cannabis banking legislation this fall.

The SAFE Banking Act is supported by a wide range of national organizations and state officials, including: National Association of

Attorneys General (NAAG), United Food and Commercial Workers (UFCW), Credit Union National Association (CUNA), Independent Community Bankers Association (ICBA), America Bankers Association (ABA), Mid-size Bank Coalition of America (MBCA), National Bankers Association (NBA), Electronic Transaction Association (ETA), Law Enforcement Action Partnership (LEAP), The Real Estate Roundtable (RER), National Association of REALTORS, Safe and Responsible Banking Alliance (SARBA), American Land Title Association (ALTA), American Property Casualty Insurance Association (APCIA), The Council of Insurance Agents and Brokers (CIAB), Reinsurance Association of America (RAA), Independent Insurance Agents and Brokers of America (Big "I"), Wholesale Specialty Insurance Association (WSIA), National Association of Mutual Insurance Companies (NAMIC), Rural County Representatives of California (RCRC), Brinks, Inc., International Council of Shopping Centers (ICSC), National Association of Professional Employer Associations (NAPEA), National Cannabis Industry Association (NCIA), Minority Cannabis Business Association (MCBA), National Cannabis Roundtable (NCR) and the Cannabis Trade Federation (CTF). Additionally, the Mayors Coalition to Push for Marijuana Reform, 38 State Attorneys General, 20 Governors, and 18 State Banking Supervisors have endorsed the legislation.

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