

May 19, 2020

Hon. Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, DC 20515

Hon. Kevin McCarthy
Minority Leader
H-204, The Capitol
Washington, DC 20515

Hon. Mitch McConnell
Majority Leader
317 Russell Bldg.
Washington, DC 20510

Hon. Charles E. Schumer
Minority Leader
322 Hart Bldg.
Washington, DC 20510

Hon. Steny Hoyer
Majority Leader
H-107, The Capitol
Washington, DC 20515

Hon. Steve Scalise
Minority Whip
1705 Longworth Office Bldg.
Washington, DC 20515

Hon. James E. Clyburn
Majority Whip
H-329, The Capitol.
Washington, DC 20510

Hon. Richard J. Durbin
Minority Whip
711 Hart Bldg.
Washington, DC 20510

Hon. Mike Crapo
Chair
Senate Committee on Banking,
Housing & Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Hon. Sherrod Brown
Ranking Member
Senate Committee on Banking,
Housing & Urban Affairs
534 Dirksen Senate Building
Washington, DC 20510

Dear Congressional Leaders:

We are a bipartisan group of state and territorial attorneys general committed to public safety, financial transparency, and the rule of law. On May 8, 2019, 38 state and territorial attorneys general urged passage of the SAFE Banking Act, or similar legislation, that would provide a safe harbor for depository institutions that service a marijuana-related business in a state with robust regulatory controls that ensure accountability in the marijuana industry. *See Enclosed.* The undersigned attorneys general renew that support here and urge Congress advance these same goals as part of any future COVID-19 relief package.

The COVID-19 pandemic has sharply focused the need for legislative relief in three key respects. First, threats to public safety caused by a cash-intensive business model, often the target of criminal activity, have intensified in the months since the pandemic began. Next, the presence of large cash transactions places law enforcement, tax regulators, consumers, and patients at heightened risk of exposure to the virus. Finally, the ability to efficiently collect tax revenue from the marijuana industry, estimated to have generated \$15 billion in sales in 2019, will provide critical relief for state and local governments predicting budget shortfalls due to the pandemic.

The current predicament of a rapidly expanding national marketplace without access to the national banking systems has resulted in an untenable situation. We stress that current legislative models are available to fix this situation. In advancing these legislative goals, Congress is not necessarily endorsing any state or territory's legalization of marijuana-related transactions; similarly, the enactment of the SAFE Banking Act is not a call for the legalization of medical or retail marijuana in those jurisdictions that choose not to pursue such an approach. Rather, it reflects a recognition of the realities on the ground and an embrace of our federalist system of government that is flexible enough to accommodate divergent state approaches

We look forward to working with you and to providing any further expertise as Congress continues this important legislative endeavor.

Sincerely,



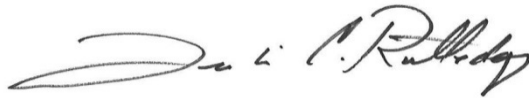
Phil Weiser
Colorado Attorney General



Wayne Stenehjem
North Dakota Attorney General



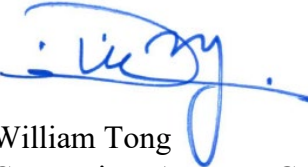
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Connecticut Attorney General



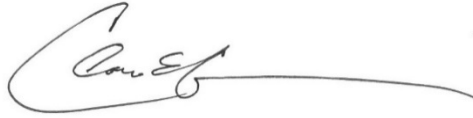
Kathleen Jennings
Delaware Attorney General



Karl A. Racine
District of Columbia Attorney General



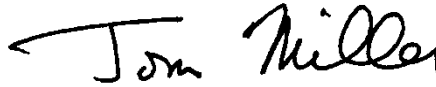
Leevin Taitano Camacho
Guam Attorney General



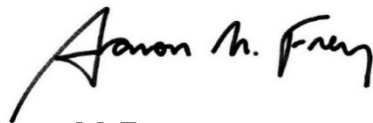
Clare E. Connors
Hawaii Attorney General



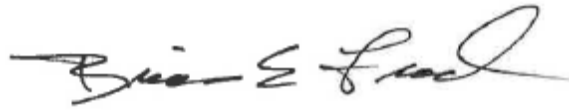
Kwame Raoul
Illinois Attorney General



Tom Miller
Iowa Attorney General



Aaron M. Frey
Maine Attorney General



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Maura Healey
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Letitia James
New York Attorney General



Josh Stein
North Carolina Attorney General



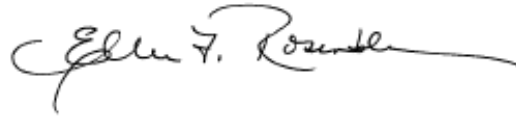
Edward Manibusan
Northern Mariana Islands Attorney General



Dave Yost
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Mike Hunter
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Ellen F. Rosenblum
Oregon Attorney General



Josh Shapiro
Pennsylvania Attorney General



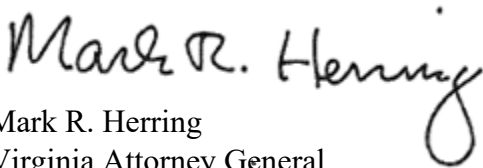
Peter F. Neronha
Rhode Island Attorney General



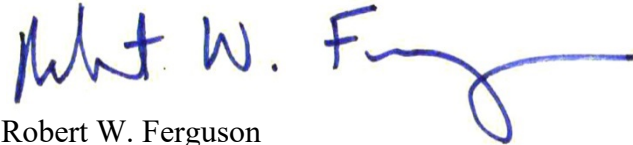
Sean Reyes
Utah Attorney General



T.J. Donovan
Vermont Attorney General



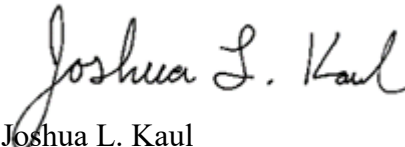
Mark R. Herring
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Robert W. Ferguson
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Patrick Morrissey
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Karl A. Racine
*District of Columbia
Attorney General*

IMMEDIATE PAST PRESIDENT
Derek Schmidt
Kansas Attorney General

EXECUTIVE DIRECTOR
Chris Toth

May 8, 2019

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Dear Congressional Leaders:

We are a bipartisan group of state and territorial attorneys general who recognize that the states, territories and federal government share a strong interest in protecting public safety and bringing grey market financial activities into the regulated banking sector. To address these goals, we urge Congress to advance legislation that would allow states and territories that have legalized certain use of marijuana to bring that commerce into the banking system.

This issue is of broad relevance: for example, thirty-three states and several U.S. territories have legalized the medical use of marijuana. However, because the federal government classifies marijuana as an illegal substance, banks providing services to state-licensed cannabis businesses and even to other companies which sell services and products to those businesses could find themselves subject to criminal and civil liability under the federal Controlled Substances Act and certain federal banking statutes. This risk has significantly

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inhibited the ability of financial institutions to provide services to these businesses and companies.

Despite the contradictions between federal and state law, the marijuana industry continues to grow rapidly. Industry analysts estimate 2017 sales at \$8.3 billion and expect those totals to exceed \$25 billion by 2025. Yet those revenues are handled outside of the regulated banking system. Businesses are forced to operate on a cash basis. The resulting grey market makes it more difficult to track revenues for taxation and regulatory compliance purposes, contributes to a public safety threat as cash-intensive businesses are often targets for criminal activity, and prevents proper tracking of billions in finances across the nation. Importantly, this measure in no way constitutes an endorsement of any state or territory's specific approach to the legalization of marijuana-related transactions, and the Act is in no way an endorsement for the legalization of medical or retail marijuana in those jurisdictions that choose not to pursue such an approach. But regardless of how individual policymakers feel about states permitting the use of medical or recreational marijuana, the reality of the situation requires federal rules that permit a sensible banking regime for legal businesses.

To address these challenges, we request that Congress advance the SAFE Banking Act or similar legislation that would provide a safe harbor for depository institutions that provide a financial product or service to a covered business in a state that has implemented laws and regulations that ensure accountability in the marijuana industry. An effective safe harbor would bring billions of dollars into the banking sector, enabling law enforcement; federal, state and local tax agencies; and cannabis regulators in 33 states and several territories to more effectively monitor cannabis businesses and their transactions. Compliance with tax laws and requirements would be simpler and easier to enforce with the regulated tracking of funds in the banking system, resulting in higher tax revenues.

Our banking system must be flexible enough to address the needs of businesses in the various states and territories, with state and territorial input, while protecting the interests of the federal government. This includes a banking system for marijuana-related businesses that is both responsive and effective in meeting the demands of our economy. We look forward to working with you as Congress moves forward in this process and to lending our voice and expertise as you develop legislation.

Respectfully,



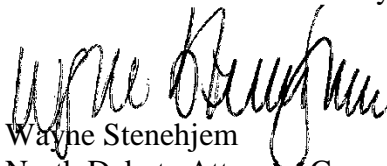
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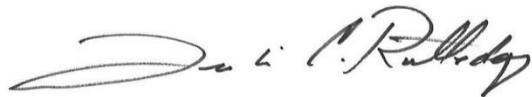
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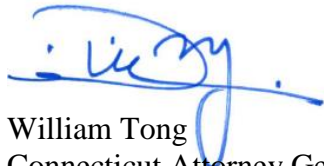
Mark Brnovich
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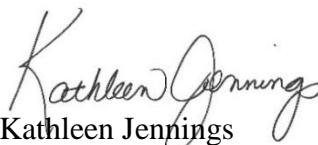
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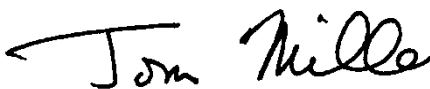
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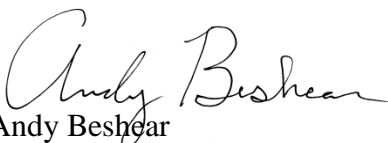
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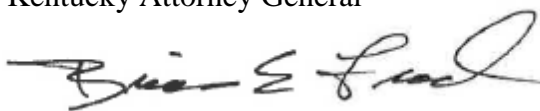
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Andy Beshear
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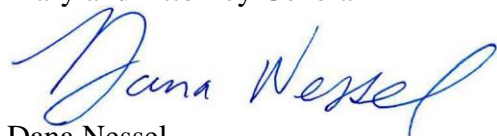
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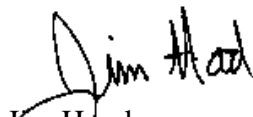
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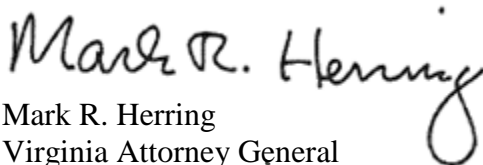
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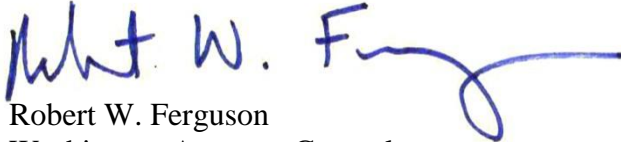
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