April 15, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Maxine Waters  
Chair  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Patrick McHenry  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Pelosi, Minority Leader McCarthy, Chair Waters and Ranking Member McHenry:

We applaud the House Financial Services Committee’s passage of the SAFE Banking Act (H.R. 1595) and urge Congress to pass legislation that provides cannabis related businesses—operating in compliance with state and local laws—with access to the federally regulated banking system. While the National League of Cities (NLC) remains agnostic on the choices of individual states and municipalities to permit any use of cannabis, we continue to strongly support sensible policy, such as the SAFE Banking Act, that better enables local leaders to protect the public’s safety.

It is difficult to remember that just 23 years ago no legal cannabis market existed in any state. Under current state laws, however, broad use legal medical cannabis markets exist in 33 states, and legal adult use cannabis markets exist in 10 states and the District of Columbia. Sixty-eight percent of our population now lives in a state that has broadly legalized medical cannabis. In addition, consumers made $10.8 billion in cannabis sales last year; and the industry currently employs more than 211,000 Americans—a 44 percent increase from 2017.¹ Despite this growth, federal law still prohibits banks from providing even basic financial services to cannabis related businesses. As a result, an increasing number of local governments continue to face a rapidly-growing unbanked industry within their community.

The lack of access to credit and basic financial services negatively impact municipalities by increasing the public safety and tax collection concerns associated with “cash-only”

business models. As more than 13 state banking regulators stated last year, “barriers for financial institutions to serve marijuana and ancillary businesses creates a commercial condition lacking robust regulation and supervision and a diminished ability to identify operators acting to circumvent federal and state licensing and regulatory frameworks.”  

Amending federal banking laws to provide cannabis related businesses, ranging from growth facilities to final point of sale dispensaries, with access to financial services would decrease cash-motivated crimes, increase financial oversight of local businesses and better ensure fair and accurate collection and remittance of local taxes.

While some financial institutions have chosen to provide services to cannabis related businesses, they do so at their own risk and do not resolve the challenges and threats posed to our communities and financial institutions under current law. The SAFE Banking Act would help enable banks to provide services to cannabis-related businesses by ensuring revenue derived from cannabis is permitted under federal banking law. Although the bill does not satisfy all of NLC’s cannabis related concerns, it addresses the most significant one: the industry’s lack of access to safe, federally-regulated financial services.

We again thank the House Financial Services Committee for its leadership on this important issue and encourage the full House to pass the SAFE Banking Act. Please feel free to reach out to Brian Egan (egan@nlc.org) or Yucel Ors (ors@nlc.org) on my team as resources or if you have any questions in regards to NLC’s federal cannabis policy.

Sincerely,

Clarence E. Anthony  
CEO and Executive Director  
National League of Cities

cc:  
- Members of the U.S. House of Representatives Committee on Financial Services  
- Members of the U.S. House of Representatives Subcommittee on Crime, Terrorism and Homeland Security  
- Members of the U.S. House of Representative

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