

## **Support the Secure and Fair Enforcement Banking Act of 2019**

Dear Members of the House of Representatives,

We write today in support of H.R. 1595, the Secure and Fair Enforcement Banking Act of 2019 (SAFE Banking Act). If enacted, this bipartisan legislation authored by Rep. Perlmutter (D-CO) would bring much-needed clarity to a nascent industry, promote free markets and respect federalism.

33 states plus the District of Columbia permit either recreational or medicinal uses of cannabis products. Despite this, the potential for criminal and civil liability under federal law and banking regulations remains a stumbling block for cannabis-related businesses. As a result, only about 30 percent of marijuana-based businesses report using a depository institution. This has created perverse incentives and given rise to robberies and tax evasion.

If enacted, the SAFE Banking Act would prohibit federal banking and credit union regulators from sanctioning regulated lenders or limiting their access to deposit insurance on the grounds that they provided service to legitimate cannabis businesses in jurisdictions that have legalized marijuana consumption. To be clear, the bill does not force states to legalize marijuana or in any way inhibit state regulation of the marijuana and banking industries.

According to a recent study, more than 210,000 Americans are employed in cannabis and cannabis-related jobs. In 2018 alone, more than \$10 billion was invested in the industry and nearly 65,000 full-time jobs were created. Regulatory certainty for the financial services industry would help facilitate this nascent market.

Even where lenders are providing financial services to the legal marijuana industry, the compliance processes that currently would be appropriate to service this sector effectively are daunting and beyond what many smaller lenders could manage. These state-sanctioned cannabis businesses need federal law to provide guidance, clarity and a permanent safe harbor for depositories who work with them.

Accordingly, we urge you to support the SAFE Banking Act.

Sincerely,

Caroline Kitchens  
Director, Federal Government Affairs  
R Street Institute  
[ckitchens@rstreet.org](mailto:ckitchens@rstreet.org)