



March 21, 2023

The Honorable Sherrod Brown
United States Senate
Chairman, Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Tim Scott
United States Senate
Ranking Member, Committee on Banking,
Housing, and Urban Affairs
104 Hart Senate Office Building
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Scott:

We write today on behalf of our collective memberships of U.S. cannabis companies of all sizes operating legally within the 37 states, four territories, and the District of Columbia that have established cannabis programs. Our organizations urge the Senate Committee on Banking, Housing, and Urban Affairs to prioritize cannabis banking and access to capital issues in the 118th Congress by moving the anticipated *SAFE Banking Act of 2023* through regular order.

As you know, at the end of 2022, the Senate made monumental progress in bipartisan negotiations to move forward the *SAFE Banking Act of 2021*. Unfortunately, the 117th Congress came to a close without a Senate vote on this vital measure, leaving domestic cannabis companies and the hundreds of thousands of jobs they support nationwide at severe risk of being continually targeted by criminal activity. Further still, these businesses had to institute massive layoffs due to a lack of access to the financial resources needed to support their continued business operations. For these reasons, we respectfully request that the Senate Banking Committee immediately schedule a hearing to discuss the lack of access to banking and other financial resources that is harming the U.S. cannabis industry, and advance bipartisan legislation expeditiously to improve public safety and provide much-needed access to capital to these businesses.

The U.S. cannabis industry supports more than a half a million full-time jobs across the country, with retail sales projected to surpass \$50 billion by the end of 2026¹. Whether large or small, located in a red state or blue, those directly operating in the domestic cannabis industry all agree that the continued lack of access to capital and traditional financial services is the number one issue hindering the ability for entrepreneurs to enter the space, for small businesses to succeed, and for businesses to reduce the cash-heavy nature of their operations that makes them targets for criminal activity.

The cannabis industry is strictly regulated and therefore has an extremely high cost for entry, with many entrepreneurs faced with short windows of opportunity to secure the financial resources needed to convert a license into operation. If and when they are able to become operational, these businesses continue to face higher operating expenses as they remain in compliance with costly regulatory requirements on an ongoing basis and face additional, costly barriers to accessing banking and financial resources. Additionally, these businesses have extensive security costs due to being forced to operate in a cash-heavy manner without equal access to banking services and the inability for customers to utilize credit cards for payments.

¹ <https://finance.yahoo.com/news/u-cannabis-industry-total-economic-195900342.html>

Without equal access to traditional financial institutions, a majority of cannabis businesses are left to seek capital through private sources, with limited funding opportunities. For those who do secure private financing, they are often faced with predatory interest rates or forced to give up large shares of their companies. With the *SAFE Banking Act of 2023*, Congress must allow domestic cannabis companies to access to the regulated financial institutions and services afforded other domestic industries, including but not limited to depository services, lenders, debt and equity financing, insurance, broker dealers, capital markets and investment services, fiduciaries, credit card and payment processing. With access to capital, the domestic cannabis industry will have the opportunity for equitable growth, creating jobs and economic development in communities across the U.S.

As the leaders of the Senate Banking Committee, you have the opportunity to reject the status quo and advance meaningful, bipartisan policy to provide the domestic cannabis industry with the financial fairness and equal opportunities needed to support economic growth, all while making our communities safer by reducing the barriers that require these businesses to operate in cash-heavy manners.

We look forward to working with you both to move the *SAFE Banking Act* through regular order to allow for its full consideration and passage by the U.S. Senate following its passage by the U.S. House of Representatives on numerous occasions.

Sincerely,

National Cannabis Roundtable (NCR)
National Cannabis Industry Association (NCIA)
U.S. Cannabis Council (USCC)
Minority Cannabis Business Association (MCBA)
National Hispanic Cannabis Council (NHCC)

CC: Senate Majority Leader Charles E. Schumer