

Credit Unions Ask Senate Banking Committee to Make Cannabis Banking Safe

February 13, 2020

In the latest chapter of the ongoing saga of the U.S. Senate's consideration and hopeful passage of the Secure and Fair Enforcement (SAFE) Banking Act, on February 7, 2020, the Credit Union National Association (CUNA) sent a letter to Senate Banking Committee Chair Mike Crapo (R-Idaho), asking that he and his committee advance the SAFE Banking Act through the consideration process.

CUNA's letter emphasizes the need for new law that allows credit unions and other financial institutions to work with state-approved cannabis businesses. "CUNA strongly believes that federal legislation providing these protections is essential to bringing revenue from state-sanctioned cannabis entities and hemp businesses into the financial services mainstream and, as a result, keeping communities safe by removing vast amounts of cash off the streets."

While CUNA does not take a position on the legalization of cannabis, it supports passing the SAFE Banking Act to address compliance issues that all financial institutions are encountering because of the conflict between current federal law outlawing cannabis and the laws of the more than 30 states and the District of Columbia that allow medical and/or recreational marijuana. In a prior correspondence CUNA sent to Crapo in June 2019 concerning the SAFE Banking Act, CUNA states:

The lack of legal and regulatory guidance on banking for legitimate cannabis business has created a dangerous and costly environment for all involved since they now must operate on an almost all-cash basis. Not only do the employees have to transact with and transmit large amounts of cash daily, often tens of thousands of dollars at a time, but the states must also collect taxes and licensing fees in cash, which increases compliance and administrative costs for the state and the business. Since cannabis remains a schedule I drug, and legal cannabis businesses have trouble finding banking

services, we urge you to move forward with hearings to explore remedies to these issues.

CUNA reiterated these same concerns in its February 2020 letter to Crapo and also expressed concern with preconditioning the safe harbor of the SAFE Banking Act on the banks' verification of its cannabis customers' compliance with health and safety regulations. CUNA noted that credit unions and financial institutions lack experience with public health and safety matters, and are unable to oversee its cannabis customers' compliance with local laws. Instead of adding preconditions to the SAFE Banking Act itself, CUNA supports Crapo's proposition that the Financial Crimes Enforcement Network (FinCEN) issue new rules and guidance for credit unions and other financial institutions dealing with cannabis businesses consistent with the act.

Hopefully, the input of interested groups like CUNA will break the logjam associated with the passage of the SAFE Banking Act through the Senate and its enactment as law.

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