

THE NEW ENGLAND COUNCIL

October 31, 2023

Dear New England Delegation,

On behalf of The New England Council, I write to express our members' support for the Secure and Fair Enforcement Regulation (SAFER) Banking Act of 2023 – S.2860. This legislation is an urgently needed, and widely supported, bipartisan legislative solution to allow depository and insurance institutions to handle the proceeds from state-licensed cannabis businesses and the accountants, skilled trades, landlords, law firms, and other service providers they rely upon for legal operations.

Now that every state in New England has decriminalized cannabis, and five states have legalized adult recreational use, the discrepancy between state and federal law is a concern for cannabis-related businesses across the region. Currently, providing banking and insurance services to legitimate, state-licensed marijuana businesses is a challenge for financial institutions. Because marijuana is illegal under federal law, funds generated by cannabis-related businesses are subject to extraordinary reporting requirements under federal anti-money laundering regulations. Therefore, institutions face significant legal and regulatory risks for serving these local businesses. The result has been that legal cannabis businesses and their employees operate primarily on a cash-only basis, creating opportunities for tax evasion, money laundering, robbery and other crimes that could negatively impact the region. This legislation also creates a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses (CRBs), as well as the numerous ancillary businesses that serve them, in states and other jurisdictions where cannabis is legal.

The SAFER Banking Act that was recently passed by the Senate Banking Committee would help address the challenges that cannabis-related businesses throughout New England face. If passed by the full Senate, this legislation will give those operating legitimate marijuana businesses access to banking services available to other industries. By no longer restricting the industry to cash, the law will make the cannabis industry more safe, transparent, accountable, and accessible by ensuring compliance with current regulations and norms.

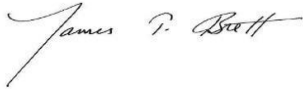
This narrowly tailored legislation is designed to bring this growing industry into the regulated banking system and provide much-needed visibility into its financial activity. Financial institutions adhere to stringent anti-money laundering and counter-terrorist financing reporting requirements, as well as monitor accounts for suspicious activity. The increased transparency that would come from processing transactions through bank accounts instead of in cash would ensure that regulators and law enforcement have the necessary tools to identify bad actors and remove them from the marketplace. The legislation would also enhance tax collection in the states where cannabis is now legal.

Additionally, the discrepancy between state and federal law also poses a challenge for those who seek to purchase cannabis products for medical purposes. Medical marijuana has been found an effective treatment for a variety of medical conditions, including cancer, Alzheimer's disease, ALS, epilepsy, and chronic pain, just to name a few. However, access to these products is significantly limited by the inability to use alternative payment options.

The New England Council's mission is to identify and support federal public policies and articulate the voice of its membership regionally and nationally on important issues facing New England. Given that cannabis-related businesses are now an expanding segment of the economy in many communities across the region, we believe that if this legislation is passed it would protect the businesses and communities in which they operate.

It is our hope that with your support in the Senate, Congress will work diligently to advance the SAFER Banking Act in the coming weeks. If you have any questions regarding this letter, please contact me at 617-723-4009, or Griffin Doherty at gdoherly@newenglandcouncil.com.

Sincerely,

A handwritten signature in cursive script that reads "James T. Brett".

James T. Brett
President & CEO

The New England Council

98 North Washington Street, Suite 201 • Boston, Massachusetts 02114 • (617) 723-4009
1411 K Street, NW, Suite 700 • Washington, DC 20005 • (202) 547-0048 www.newenglandcouncil.com