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March 26, 2019

The Honorable Maxine Waters  
Chairwoman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

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

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for scheduling a markup of the Secure and Fair Enforcement Banking Act of 2019 (SAFE Banking Act, H.R. 1595), bipartisan legislation introduced by Representatives Ed Perlmutter, Denny Heck, Steve Stivers, and Warren Davidson to create a safe harbor from federal sanctions for financial institutions that serve cannabis-related businesses (CRBs) in states and other jurisdictions where cannabis is legal. ICBA was pleased to be represented by a community banker witness at the hearing on this important bill on February 13 and urges all members of the Financial Services Committee to vote YES on H.R. 1595.

While cannabis remains illegal at the federal level, an increased number of states have legalized it for medical and/or recreational use. As these businesses continue to mature they require access to the traditional banking system, the conflict between state and federal law has created increasingly significant legal and compliance concerns for banks that wish to provide banking services to CRBs in jurisdictions where it is currently legal. Legal and regulatory uncertainty has curtailed access to the traditional banking system for CRBs and forced them to operate mostly in cash. Cash-only businesses, especially those with a high volume of revenue, pose a significant risk to public safety.

ICBA does not advocate for legalization of cannabis at the federal level or otherwise, but we do support the creation of an effective safe harbor from federal sanctions for banks that choose to serve CRBs in states and jurisdictions where these businesses are legal. The SAFE Banking Act would create such a safe harbor by providing that in jurisdictions where cannabis is legal federal banking regulators may not threaten or limit a bank's deposit insurance, downgrade a loan, prohibit or discourage the provision of banking services, or take any other prejudicial action solely because a bank customer is a CRB.

Importantly, this safe harbor would extend to banks that serve the many ancillary businesses that serve CRBs such as landlords, accountants, utilities providers, and others that may be paid in funds ultimately derived from cannabis sales. These ancillary businesses may be difficult to

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identify in states that have legalized cannabis, and potentially create a legal and regulatory trap for even those banks that choose not to serve CRBs directly.

Thank you for marking up the SAFE Banking Act. We look forward to working with you to advance this important legislation.

Sincerely,

/s/

Rebeca Romero Rainey  
President & CEO

CC: Members of the House Committee on Financial Services

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