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March 24, 2021

The Honorable Jeff Merkley
United States Senate
Washington, D.C. 20510

The Honorable Steve Daines
United States Senate
Washington, D.C. 20510

Dear Senators Merkley and Daines:

On behalf of community banks across the country, with more than 52,000 locations, I write to thank you for introducing the Secure and Fair Enforcement Banking Act of 2021 (SAFE Banking Act, S. 910). We are pleased to reiterate ICBA's strong support for this legislation, which is essential for the ongoing ability of community banks to effectively serve their communities.

The 2020 election saw Arizona, Montana, New Jersey, and South Dakota join 12 states and the District of Columbia in fully legalizing adult recreational cannabis use. Virginia followed suit in 2021. Cannabis is legal for medical use in 36 states. As more states legalize cannabis for medical and/or recreational use, it is critically important that cannabis-related businesses (CRBs) have access to services provided by the traditional banking system.

The current conflict between state and federal law with regard to cannabis has created increasingly significant legal and compliance concerns for banks that wish to provide banking services to CRBs in jurisdictions where cannabis is 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.

The SAFE Banking Act would 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. 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 identify in states that have legalized cannabis, and potentially create a legal and regulatory challenge for even those banks that choose not to serve CRBs directly.

The Nation's Voice for Community Banks.®

WASHINGTON, DC
1615 L Street NW
Suite 900
Washington, DC 20036

SAUK CENTRE, MN
518 Lincoln Road
P.O. Box 267
Sauk Centre, MN 56378

866-843-4222
www.icba.org

Thank you for introducing the SAFE Banking Act of 2021. We look forward to working with you to advance this important legislation.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

CC: Members of the Senate Committee on Banking

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