

Nicole Grohoski  
Senator, District 7



P.O. Box 1732  
Ellsworth, ME 04605

THE MAINE SENATE  
131st Legislature

**Testimony of Senator Nicole Grohoski  
In Support of LD 788, “Resolve, Directing the Treasurer of State to Review and  
Develop Options for Meeting the Banking Needs of the Cannabis Industry”**

**Before the Committee on Health Coverage, Insurance and Financial Services  
22 March 2023**

Good morning Senator Bailey, Representative Perry, and Members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. My name is Nicole Grohoski, and I represent Senate District 7 which includes most of Hancock County. I am here today to introduce LD 788, *Resolve, Directing the Treasurer of State to Review and Develop Options for Meeting the Banking Needs of the Cannabis Industry*.

This resolve directs the Treasurer of Maine to review options for meeting the banking needs of individuals and businesses involved in the adult-use cannabis and medical cannabis industries in the State.

Statewide, Maine’s licensed adult-use retailers reported nearly 2.5 million sales transactions in 2022, totaling \$158.9 million, according to the Maine Office of Cannabis Policy. 2023 is on course to exceed the 2022 numbers. Annual medical cannabis sales are over \$250 million.

That’s a whole lot of money. And, with 472 Adult Use Licenses in 2023 and 2124 registered caregivers in 2021 that is a HUGE number of businesses.

The challenge is that cannabis remains federally illegal, while 37 states<sup>1</sup> have legalized some or all of cannabis transactions. That leaves Maine, and the rest of the country, without a safe, legal way to bank revenues for tens of thousands of employees and their affiliated businesses. This is an enormous problem with real ramifications.

Congress is considering the SAFE Banking Act<sup>2</sup>, which would grant legally operated cannabis-related businesses fair and equal access to the financial services they are now

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<sup>1</sup> <https://www.ncsl.org/health/state-medical-cannabis-laws>

<sup>2</sup> <https://www.investopedia.com/safe-banking-act-4587773>

prohibited from engaging. It would enable these businesses to obtain a checking account or access capital to start a new business or expand an existing business. Unfortunately, the bill, which was first introduced in 2017, has only passed the House once and has not passed in the Senate. Federal inaction has left Maine cannabis businesses with very few banking options.

According to the Maine Credit Union League, despite the legalization of cannabis at the state level, “financial institutions face significant legal, operational, and regulatory risks when serving cannabis-related businesses.”<sup>3</sup> The burden has discouraged most of Maine’s financial institutions from serving these legal businesses. In fact, only two credit unions and banks in Maine do. These institutions take depositors on a limited basis, which has been helpful, but they cannot manage the volume of the industry alone.

The State of Maine enjoys sovereign immunity, meaning it does not suffer the same risk as private financial institutions. Perhaps Maine’s immunity could offer a safe harbor for financial institutions interested in partnering with the cannabis industry. Alternatively, perhaps Maine could initiate its own bank to serve the basic banking needs of the industry. The purpose of LD 788 is to determine if there are any viable paths forward to remedy this problem.

The risks of keeping this industry unbanked are immense. Without access to banking services, cannabis-related businesses have no choice but to operate on a cash-only basis. Cash payroll is bad for employees and for the safety of a business. The opportunity for bad actors to enter the market is immense. Additionally, the cash-only cannabis economy makes it difficult for people to rent or purchase property, resulting in housing insecurity for some.

Many states have already moved forward<sup>4</sup> on this front. Ohio, Oregon, Virginia, and Washington enacted bills specifying that financial institutions serving legal cannabis businesses are not committing a crime. Michigan, Nevada, Ohio and Utah enacted bills creating closed-loop payment processing systems in which the states act as payment processors. Tax payments by dispensaries and purchase payments from consumers are made to the state, which tracks and administers the remittances.

I am certain that this is a problem with real ramifications that extend to public safety and far beyond. While I don’t know what the exact solution is, Maine needs to do better. Let’s work together to create a safe alternative to the current situation and find a way for cannabis businesses to join other businesses in their banking.

Thank you for your attention and I am happy to answer any questions you may have.

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<sup>3</sup> <https://mainecul.org/community-outreach/crb-banking-in-maine/>

<sup>4</sup> <https://www.ncsl.org/resources/details/banking-and-cannabis-yearning-to-be-buds>