



STATE OF MAINE  
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**HENRY E.M. BECK, ESQ.**  
State Treasurer

**GREGORY OLSON**  
Deputy State Treasurer

TO: Senator Donna Bailey  
Representative Anne Perry

Joint Standing Committee on Health Coverage, Insurance and Financial Services

FROM: Gregory Olson, Deputy State Treasurer

DATE: March 22, 2023

RE: L.D. 788 "Resolve, Directing the Treasurer of State to Review and Develop Options for Meeting the Banking Needs of the Cannabis Industry"

Good morning, Senator Bailey, Representative Perry, and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services. My name is Greg Olson, and I am the Deputy State Treasurer. I am here today to testify neither in support nor in opposition to L.D. 788 "Resolve, Directing the Treasurer of State to Review and Develop Options for Meeting the Banking Needs of the Cannabis Industry". Thank you for the opportunity to come before you today to discuss this matter.

Thank you as well to Senator Grohoski, and the other sponsors, for introducing this measure and working to address this challenging issue. As is inferred in the title of this resolve, much of the cannabis industry in Maine and nationally remains unbanked, lacking access to financial services. By way of our current experience, in dealing with a multitude of financial service providers, along with our counterparts in other state treasuries, we understand the primary obstacle is federal law. While cannabis has been made legal in many jurisdictions, it has not been made so at the federal level. All banks, whether state-chartered or nationally chartered, are subject to an array of federal laws, including those for money laundering. Most financial institutions have determined this regulatory and legal framework to be too uncertain. Lacking access to modern banking service creates a litany of problems for individual cannabis businesses, their vendors, and the state itself.

My office has worked in coordination with a bipartisan group of state treasurers through the National Association of State Treasurers (NAST), to encourage Congress to pass the SAFE Banking Act or other federal cannabis banking measures that would create certainty for banks and protecting them from criminal liability for providing services to state-licensed cannabis entities. Unfortunately, this bill fell short of passage in the last Congress, but we expect further action during this session. I have attached a copy of the NAST Resolution for your evaluation.

While we understand that a review of the landscape could be helpful, we routinely undertake that review and believe that given current federal law, only an amendment to federal law will remedy the cannabis banking situation. I would encourage this body to consider showing support for the SAFE Banking Act or other legislation to address the uncertainty in cannabis banking at the federal level.

Thank you for your opportunity to give input on this important matter.



# NATIONAL ASSOCIATION OF STATE TREASURERS

## RESOLUTION

### **ADVANCING LEGISLATION ALLOWING THE STATES WITH STATE LEGALIZED MEDICAL AND RECREATIONAL CANNABIS THE ABILITY TO BRING THESE ACTIVITIES INTO THE SAFETY AND SCRUTINY OF THE NATIONAL BANKING SYSTEM**

- WHEREAS,** The National Association of State Treasurers is not taking any position on the legalization of cannabis -- medical or recreational -- rather this resolution is focused on banking access and financial services for states that have adopted some form of legalized cannabis. States that have not approved legalized cannabis also deserve protection under the law; and
- WHEREAS,** As of February 2022, 37 states have legalized medical cannabis use under state law including eighteen states and the District of Columbia that have passed laws making the use of recreational cannabis legal for adults over 21 years of age; and
- WHEREAS,** All of these states and the District of Columbia have focused on implementing cannabis legalization through the use of robust regulatory systems, which are ever mindful of protecting the citizens of the states, and recognizing the public health and safety issues that must be addressed; and
- WHEREAS,** There remains an ongoing conflict between states' laws legalizing cannabis and current federal laws, resulting in the vast majority of financial institutions refusing to provide banking services to legal cannabis businesses; and
- WHEREAS,** The small number of financial institutions willing to provide services to legal cannabis businesses rely on the U.S. Treasury Financial Crimes Enforcement Network (FinCEN) guidance to clarify Bank Secrecy Act (BSA) expectations to provide those services; and
- WHEREAS,** Lacking banking services, many legal cannabis businesses operate solely in cash. Cash- based systems are inefficient, expensive, and opaque, making illicit activity more difficult to track and posing a significant risk to public safety by increasing the likelihood of violent crime; and
- WHEREAS,** States must collect fines, fees, and taxes from state legalized cannabis related businesses; and
- WHEREAS,** Unbanked cannabis businesses are unable to write checks, make and receive electronic payments, utilize payroll providers, accept debit or credit cards, or pay taxes through a financial institution, tax collection is more difficult and burdensome for both businesses and governments, and the potential for tax fraud is substantially increased; and

**WHEREAS,** The inability to access banking services impacts not only legal cannabis businesses, but also employees in the cannabis industry and secondary service providers who contract or do business with cannabis businesses.

**NOW, THEREFORE BE IT RESOLVED,** that the National Association of State Treasurers supports the following:

1. NAST *supports* common sense federal laws and regulations to provide essential banking services to state legalized cannabis businesses, promote public safety and financial transparency, and facilitate local, state and federal tax and fee collection without compromising federal enforcement of anti- money laundering laws against criminal enterprises, recognizing that NAST takes no position as to whether cannabis should be legalized under the laws of the United States or of any state.
2. NAST *supports* financial law enforcement authorities' consistent interpretation of the FinCEN guidance and, barring changes to federal law, the continued application of the guidance to allow some financial institutions to offer banking services to the state legalized cannabis industry.

Approved in 2019. Renewed in 2022.

\*This resolution shall remain in effect until amended or rescinded.