

MAINE BANKERS

Association

March 22, 2023

Testimony to the 131st Maine Legislature
Committee on Health Coverage, Insurance, and Financial Services

Good afternoon, Senator Bailey, Representative Perry, honorable members of the Committee – my name is Josh Steirman and I am here on behalf of the Maine Bankers Association. We are testifying today Neither For Nor Against L.D. 788, *Resolve, Directing the Treasurer of State to Review and Develop Options for Meeting the Banking Needs of the Cannabis Industry*.

For many years, Maine banks have advocated that legal cannabis businesses should have access to safe and secure banking services. Marijuana in various forms is now legal under the laws of a majority of states, including Maine. Quite simply it is here whether we like it or not, and the volume of dollars generated are significant. So for the sake of physical safety, financial security, and equitable access to the financial system, Maine banks understand that legal cannabis businesses should be able to deposit their legally earned funds into a bank account the way most other businesses do routinely.

However, this policy challenge must be addressed at the federal level, because marijuana continues to be illegal under federal law. Since 2013, although marijuana-related activities continue to be broadly prohibited under federal law, the U.S. Department of Justice has declined to prosecute marijuana-related offenses, as outlined in a position statement from the then-Deputy Attorney General which is now widely referred to as the “Cole Memo.” This respite from federal prosecutors has allowed financial services providers to open accounts for cannabis businesses, but under a significant cloud of uncertainty and risk, as the Cole Memo could theoretically be revoked by executive action at any time. This uncertainty has led to additional levels of regulation and compliance scrutiny for cannabis-related transactions, which typically require extra layers of regulatory oversight and periodic filings under the Bank Secrecy Act. This complex and opaque supervisory system is a direct result of the conflict between state laws and federal enforcement, and it can only be resolved with federal legislation.

Because of these concerns, the Maine Bankers Association, in cooperation with the American Bankers Association, the Independent Community Bankers of America, and financial institutions throughout the country, continue to advocate at the federal level for full access to the financial system for legal cannabis businesses. Due to current federal law these issues must be solved in Congress, and we hope to see reforms implemented in the near future.

We thank the Committee for its consideration and are happy to answer any questions.

Respectfully Submitted,

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Director of Government Relations