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THE MAINE SENATE
132nd Legislature

Testimony of Senator Nicole Grohoski
In Support of LD 859, "Resolve, Directing the Treasurer of State to Review and
Develop Options for Meeting the Banking Needs of the Cannabis Industry"
Before the Committee on Veterans and Legal Affairs
19 March 2025

Good morning Senator Hickman, Representative Supica, and Members of the Joint Standing Committee on Veterans and Legal Affairs. My name is Nicole Grohoski, and I represent Senate District 7 which includes most of Hancock County. I am here today in support of LD 859, *Resolve, Directing the Treasurer of State to Review and Develop Options for Meeting the Banking Needs of the Cannabis Industry*.

This resolve as drafted 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. As you heard from Rep. Cluchey, the HCIFS Committee heard and worked on this bill in the 131st Legislature, turning it into a study commission. Despite receiving a 12-1 report out of committee, LD 788 died on the Special Study Table.

Given the amount of money and the number of businesses legally engaged in the cannabis industry in our state, it is alarming that relatively few can access banking services.

The challenge is that cannabis remains federally illegal, while 39 states¹ 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 has been considering bills to address this issue (SAFE Banking Act and SAFER Banking Act) since May 2017. While there is optimism that a federal fix is on the horizon, you should know I read very similar statements when I presented this bill two years ago. I'll believe it when I see it.

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

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.”² The burden has discouraged most of Maine’s financial institutions from serving these legal businesses. Some institutions take depositors on a limited basis, which has been helpful, but they cannot manage the volume of a half-billion-dollar 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 859 is to determine if there are any viable paths forward to remedy this problem.

Many states have already moved forward³ on this front. As of 2022, 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 consequences that extend to public safety and far beyond. While I don’t know what the exact solution is, I think it’s worth our time to figure it out.

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

² <https://mainecul.org/community-outreach/crb-banking-in-maine/>

³ <https://www.ncsl.org/resources/details/banking-and-cannabis-yearning-to-be-buds>