

Tuesday March 18th, 2025

Legislative Testimony 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 in Maine

Maine Legislative Committee on Veterans & Legal Affairs [VLA]

Senate Chair Hickman

House Chair Supica

Senate Minority Lead Chair Timberlake

House Minority Lead Chair Boyer

Distinguished VLA Committee Members

Dear Chairpersons and Members of the Committee,

Thank you for the opportunity to testify in support of LD 859, which directs the Treasurer of State to review and develop options for meeting the banking needs of Maine's cannabis industry. My name is Kristi Shaw, my husband and I have been caregivers since 2016 and we run a small family-owned cannabis farm in Penobscot County. My family has over 23 years of growing experience and has been serving Maine's cannabis patients since 2016. As small business owners, my partner and I understand firsthand the critical need for safe and reliable banking solutions in the cannabis industry.

Banking services are the backbone of any legitimate business. Access to banking enables businesses to safely store revenue, process payments, manage payroll, pay taxes efficiently, and reinvest in their operations. Traditional small businesses benefit from checking accounts, loans, merchant services, and financial protections that come with legitimate banking relationships. Without these essential services, businesses are forced to operate on a cash-only basis, increasing their financial risk and limiting their growth potential.

For Maine's small cannabis businesses, including licensed caregivers like us, the inability to access banking services creates undue financial hardship. Operating in a cash-only economy makes simple transactions—such as paying vendors, ordering supplies, securing financing for expansion and even paying the state, who will only take money orders from cannabis businesses, for our license renewals—needlessly complex and expensive. The lack of banking also hinders our ability to reinvest in our businesses, hire employees, and contribute fully to Maine's economy.

The absence of banking services does not just create logistical burdens—it also presents serious safety risks. Because cannabis businesses are forced to handle large sums of cash, we become prime targets for theft and violent crime. Nationally, there have been numerous

instances of cannabis business owners, employees, and even customers being robbed due to the known cash-heavy nature of our industry.

Here in Maine, where many cannabis caregivers operate small, family-run businesses, the threat is even greater. Without banking, we are left transporting and storing thousands of dollars in cash, putting ourselves, and our families at risk. Additionally, the lack of financial transparency inherent in cash-only operations makes it more difficult for the state to effectively regulate the industry and collect tax revenue.

Even when cannabis businesses can access financial services, the options are often limited and costly. cPort Credit Union, one of the few financial institutions in Maine that initially offered banking to cannabis businesses, implemented a moratorium on new cannabis accounts in 2022. This left many small operators without a reliable banking option. Additionally, cPort increased fees for existing cannabis business accounts, imposing a 1% fee on all deposits and a \$100 monthly account fee. These financial burdens add up quickly, making it even more difficult for small businesses to remain viable.

Other cannabis businesses across the country have faced similar hardships. In 2022 alone, banks closed nearly 8,000 accounts tied to marijuana-related businesses. Many cannabis companies in need of banking are forced to pay exorbitant fees to smaller financial institutions that do offer services—often at rates far higher than those of traditional businesses. I can remember the joy and pride my husband and I felt in 2020 when we opened our first business account, making the dream of our small cultivation business feel more tangible. I also remember the frustration and eventual feeling of failure when CPort implemented the extra fees and administrative load that we could not keep up with in the volatile market of 2022, when we eventually lost that account. We are just one small business.

The inability to secure stable banking services has led to increased operating costs, safety risks, and even business closures in the cannabis industry. Without meaningful financial solutions, Maine's caregivers and cannabis businesses will continue to struggle to operate securely and efficiently.

LD 859 takes an important first step toward addressing these challenges by directing the Treasurer of State to explore viable banking solutions. While federal banking restrictions remain a hurdle, other states have made significant moves toward implementing public banking programs and alternative financial models to serve their cannabis industries. Maine should follow suit by researching and developing options tailored to our local market.

In passing LD 859, the Legislature can help establish a safe, regulated, and functional financial system for Maine's cannabis industry. Providing banking access to small cannabis businesses will not only protect public safety but will also enhance economic stability, improve tax compliance, and level the playing field for all small businesses in the state.

I urge this committee to vote yes on LD 859 and take action to ensure that Maine's small cannabis businesses—particularly independent caregivers and family-run farms—have access to the financial services they need to thrive. Thank you for your time and consideration. I welcome any questions you may have.

Kindly

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