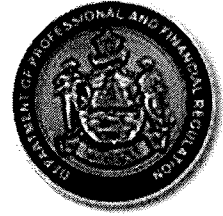




STATE OF MAINE
DEPARTMENT OF PROFESSIONAL & FINANCIAL
REGULATION
BUREAU OF FINANCIAL INSTITUTIONS



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132nd Maine Legislature, First Special Session

Joint Standing Committee on Health Coverage, Insurance, and Financial Services

April 23, 2025, at 1:00pm

**Testimony of Chase Hewitt, Staff Attorney
Bureau of Financial Institutions
Department of Professional and Financial Regulation
In Opposition to L.D. 1314
An Act to Protect Cannabis Industry Workers' Access to Personal Credit**

Senator Bailey, Representative Mathieson, and Members of the Committee:

My name is Chase Hewitt and I am the Staff Attorney for the Maine Bureau of Financial Institutions. On behalf of the Bureau and the Administration, I am here to testify against L.D. 1314: An Act to Protect Cannabis Industry Workers' Access to Personal Credit.

Except when prohibited by federal law, the bill would prevent credit card lenders (banks, credit unions, and nonbank card issuers, e.g. retail stores) from denying or canceling a credit card solely on the basis that a person is an owner, operator, or employee of a cannabis establishment or is a registered cannabis caregiver.

The state should not compel banks and credit unions to make credit card loans.

The Bureau appreciates this well-intentioned effort to assist the cannabis industry in obtaining banking services. However, the Bureau opposes this bill because the requirement to engage in certain types of lending inappropriately interferes with bank and credit union decision making and business planning. Banks and credit unions pursue certain opportunities and turn down others according to their internal business planning, and the bill would interfere with this fundamental business practice. This view is consistent with the Bureau's reason for opposing a bill earlier this session, L.D. 880, relating to nondiscrimination in financial services. ("the State should not dictate who a financial institution does business with as long as the financial institutions does not violate the Maine Human Rights Act or the Equal Credit Opportunity Act." L.D. 880 was voted ONTP- majority; 1 vote in favor.)

Additionally, the language of the bill indicates that a lender must provide a credit card to an individual in the cannabis industry "except when prohibited by federal law." If the bill movers

Office Location: 76 Northern Avenue, Gardiner, Maine 04345
Mailing Address: 36 State House Station, Augusta, Maine 04333
www.maine.gov/pfr/financialinstitutions

Phone: (207) 624-
8570

TTY: Please Call Maine Relay 711

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5235

Fax: (207) 624-8590

forward, in the Bureau's view, it would be helpful to clarify this important exception to ensure the bill does not require lending while cannabis is illegal under the Federal Controlled Substances Act or until cannabis banking activity is permitted under federal law.

This Committee is aware that financial institutions are cautious about extending credit and receiving money from cannabis owners, operators, employees, or caregivers. Financial institutions are concerned about federal anti-money laundering laws, aiding and abetting of federally designated criminal activity, or otherwise violating the Controlled Substances Act. Given these concerns, it is important that the bill not be read to compel financial institutions to engage in business deemed illegal under federal law.

The requirement to keep cannabis records confidential is problematic.

Moreover, the bill prevents a lender from disclosing information provided with a credit card application that relates to the applicant's ownership of, or employment by, a cannabis establishment. This confidentiality provision is inconsistent with federal law requirements related to Suspicious Activity Reporting and with requirements for banks and credit unions to share business information with their state and federal bank examiners.

Finally, this Committee is aware that federal preemption limits the power of states over federally-chartered financial institutions, meaning this bill will likely only impact state banks and credit unions.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions now or at the work session.



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