

SAFE Banking FAQ



Why is SAFE Banking needed?

Under current law, financial institutions providing banking services to state licensed cannabis businesses are subject to criminal prosecution under several statutes such as “aiding and abetting” and money laundering.

Therefore, businesses that legally grow, market or sell cannabis in states that have legalized its sale are generally locked out of the banking system, making it difficult for them to maintain a checking account, access credit, accept credit and debit cards, meet payroll or pay tax revenue. This has created a significant public safety risk, as these businesses are forced to operate as cash-only in an industry with billions of dollars in transactions. These high-volume cash businesses are being targeted by violent criminals and putting our communities at risk.

What Is SAFE Banking’s History?

SAFE Banking has passed through the House of Representatives six times with bipartisan support but has not yet received a hearing or a vote in the U.S. Senate.

The reason behind this delay is widely viewed as wanting to wait for more comprehensive reform, but no hearings, votes, or tangible action has been scheduled on more comprehensive bills in the Senate.

What is SAFE Banking?

The SAFE Banking Act seeks to harmonize federal and state law by prohibiting federal regulators from taking punitive measures against depository institutions that provide banking services to legitimate cannabis businesses and ancillary businesses which serve them (e.g. electricians, plumbers, landlords, etc.).

The bill establishes a safe harbor for any depository institution that chooses to provide banking services to a cannabis related legitimate businesses which holds and maintains a license from a state or local government to engage in manufacturing, growing or producing, as well as any business which handles, sells, transports, displays or distributes cannabis or cannabis products.

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Why Is SAFE Banking Important to BIPOC (Black, Indigenous, People of Color) Operators?

Without bank accounts, stakeholders in every jurisdiction with equity programs cannot effectively use state-based grant and loan funds.

In addition, operators who are lucky enough to have bank accounts are subject to crippling fees—sometimes thousands of dollars a month. SAFE Banking means more banks will do business with cannabis companies. And more competition amongst banks means that businesses will not be beholden to the exorbitant maintenance fees that can exceed \$8000 per month in some cases. While SAFE banking does not create a direct pathway towards lending services, we know that approximately 50% of the 50 to 60 banks serving the US regulated cannabis market throughout are offering lending services. With SAFE banking's passage, new banks would expand their offerings to serve cannabis industry stakeholders, inevitably increasing lending to small businesses.

Why Do We Need SAFE Banking Now?

In every state with a legal cannabis market, cannabis businesses have faced violent robberies due to the large amount of cash on hand at these businesses.

These robberies are increasing in frequency and violence and have resulted in fatal shootings, closures of businesses, and other adverse consequences. Over the last two decades, states have passed cannabis laws with the promise of social equity but by and large these promises have proven empty. While there have been modest gains when it comes to the decriminalization of the plant, the individuals most impacted by cannabis prohibition remain shut out of the industry because they cannot access capital or basic banking services. Worse yet, many equity license holders are further victimized by predatory lenders and investors. Cannabis businesses remain easy targets for violent robberies due to the requirement that they operate in cash.

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What's At Risk If We Don't Pass SAFE Banking or Any Cannabis Reform This Congress?

The need for Congress to reform our national cannabis laws has only grown over the past decade and there has been growing momentum in recent years for Congress to address the issue in both incremental and more comprehensive ways.

Perfect cannot be the enemy of the good. SAFE Banking has overwhelming, bipartisan support and is the best opportunity to get something done on federal cannabis reform this year. Passing legislation such as SAFE Banking would help reduce the public safety risk, improve equity in the cannabis industry, and prevent greater consolidation of the industry. It would also keep momentum growing and pave the way for broader reform in years to come.

Does SAFE do enough?

SAFE is only one of several reform proposals on Capitol Hill.

While the bill does not address the criminalization of cannabis, create any grant funding, or resolve the application of 280E, it would immediately address the misalignment in state and federal law and work to get cash off our streets and reduce the public safety risk for communities and cannabis businesses and their employees. It is a critical part of reform that could help lead the way for broader, more comprehensive reform.