

SAFE Banking Act of 2021 Passes House; Cannabis-Related Businesses One Step Closer to Access to Banking System - *Client Newsletter*

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Access to banking for cannabis-related business has taken a significant step forward, as the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act of 2021 (SAFE Banking Act of 2021) by a vote of 321-101. <https://www.congress.gov/bill/117th-congress/house-bill/1996> . Among other components, the bill bars federal banking regulators from penalizing banks that provide financial services to a legitimate cannabis-related business or services provider; permits banks to make loans to a legitimate cannabis related-related business; and makes clear that revenues from such businesses are not considered unlawful activity. An earlier version of the bill was passed by the House in 2019 but was never voted on in the Senate. With more cannabis-friendly Senators now in leadership positions, there is hope that the bipartisan companion bill, S. 910, introduced on March 23, 2021, will actually proceed to a vote in the Senate. If passed by the Senate – and signed by the President – the bill could have significant implications for states like New Jersey and New York as they create rules to implement the recent legalization of adult-use recreational cannabis. Despite legalization of recreational cannabis at the state-wide level in 18 states, cannabis businesses have been denied access to the banking system and forced to run as cash-only businesses because of the risk of federal prosecution of banks that work with these businesses. If this bill is enacted, not only would legitimate cannabis-related businesses be able to open accounts, they could also gain access to financing from financial institutions at more customary interest rates, which would help level the playing field for small business owners. We will monitor this bill closely as it continues to work through Congress.