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July 22, 2019

The Honorable Mike Crapo  
Chairman  
U.S. Senate Committee on Banking,  
Housing, and Urban Affairs  
239 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sherrod Brown  
Ranking Member  
U.S. Senate Committee on Banking,  
Housing, and Urban Affairs  
503 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the 1.3 million members of the National Association of REALTORS® (NAR) and its affiliate, the Institute of Real Estate Management (IREM), thank you for holding this hearing, “Challenges for Cannabis and Banking: Outside Perspectives.” As more states legalize cannabis use, the industry continues to rapidly grow, with more than \$10 billion in sales and \$1 billion in state tax revenue already recorded. However, the barriers keeping these state-legal businesses from accessing federally-insured banks can impede their ability to grow while raising safety issues in their communities. For these reasons, NAR supports the bipartisan “Secure and Fair Enforcement (SAFE) Banking Act of 2019” (S. 1200), introduced by Senators Cory Gardner (R-CO) and Jeff Merkley (D-OR), which provides a clear framework for cannabis businesses to access financial services.

Thirty-three states have legalized cannabis for medical or recreational use, a number that is expected to rise over the coming years. Despite this, current federal law prevents banks from working with cannabis businesses, as well as ancillary businesses that provide them with goods and services – including real estate professionals who have cannabis business owners as their clients. As a result, those states are struggling to address significant challenges to public safety and the regulatory compliance issues that arise with cash-only businesses.

The SAFE Banking Act takes an important step toward enabling financial services for legitimate cannabis-related businesses by specifying that their proceeds will not be considered unlawful under federal money laundering laws, thus allowing these businesses access to federally-insured banking institutions. Further, it directs the Financial Crimes Enforcement Network (FinCEN) and federal banking regulators to issue guidance and exam procedures for banks working with cannabis businesses. As the legal state-cannabis industry grows, the connections to other types of industries – including real estate – will grow as well. The SAFE Banking Act not only gives the industry equal footing with other businesses, enabling it to continue to grow and stimulate the economy, but also provides oversight and improves financial transparency.

State-legal cannabis businesses require real estate – farmland, warehouses, and storefronts – creating multiple contacts to other industries and businesses, each of which is affected by current laws keeping their money out of the bank system. The SAFE Banking Act provides clarity for business owners, banks, and regulators in the cannabis industry while promoting safety and ensuring these businesses continue to grow. NAR supports the bill and thanks you for your work on this important issue.

Sincerely,

John Smaby  
2019 President, National Association of REALTORS®

cc: U.S. Senate Committee on Banking, Housing, and Urban Affairs



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