

May 11, 2023

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

The Honorable Tim Scott
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
104 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Brown and Ranking Member Scott:

On behalf of the 1.5 million members of the National Association of REALTORS® (NAR) and its affiliate, the Institute of Real Estate Management (IREM), thank you for holding today's hearing, "Examining Cannabis Banking Challenges of Small Businesses and Workers." NAR is a strong supporter of S.1323, the Secure and Fair Enforcement (SAFE) Banking Act, a bipartisan bill that provides a clear framework for cannabis businesses and those who provide services to them to access financial services. As more states legalize cannabis use, its economic impact increases, 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.

Thirty-eight states, three territories, and the District of Columbia have legalized cannabis for medical or recreational use, a number that is expected to continue to go up in the coming years. Despite this, current federal law prevents federally-insured 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. Importantly, for the first time this legislation extends that safe-harbor to Community Development Financial Institutions (CDFI) and Minority Depository Institutions (MDI), which reach underserved communities which face increased challenges accessing capital. 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.

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 further growth to the U.S. economy.

REALTORS® thank you for your diligent work to help provide access and clarity to legitimate businesses in those states that have legalized cannabis, which in turn will boost economic growth in real estate and other industries around the country.

Sincerely,



Kenny Parcell
2023 President, National Association of REALTORS®

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