



September 27, 2023

Honorable Sherrod Brown
Chairman, Senate Banking Committee
534 Dirksen Senate Office Building
Washington, D.C. 20510

Honorable Tim Scott
Ranking Member, Senate Banking
Committee
534 Dirksen Senate Office Building
Washington, D.C. 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 this markup of S.2860, the Secure and Fair Enforcement Regulation (SAFER) Banking Act. NAR strongly supports this bipartisan bill, which would provide a clear framework to give cannabis businesses and those who provide services to them access to 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.

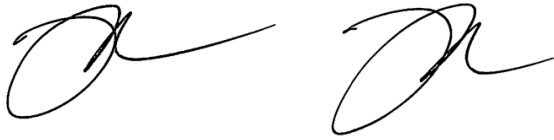
Forty-seven states, four U.S. territories, and the District of Columbia have legalized cannabis for medical or recreational use, a number that is expected to continue to go up in the coming years. Despite this, current federal law prevents federally-insured banks from working with cannabis businesses, as well as ancillary businesses that provide them with goods and services – including real estate professionals who have cannabis business owners as 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 SAFER Banking Act takes an important step toward enabling access to financial services for legitimate cannabis-related businesses by specifying that their proceeds will not be considered unlawful under federal money laundering laws, thus allowing them to access mainstream federally-insured banking institutions. Importantly, this legislation specifies that income from state-sanctioned cannabis businesses should receive equal treatment to other types of legal income for the purposes of securing a federally-backed mortgage. It also extends the safe harbor to Community Development Financial Institutions (CDFIs) and Minority Deposit Institutions (MDIs), and requires the federal banking regulators and the GAO to study access to financial services and barriers to cannabis marketplace entry for small- and medium-sized businesses and those owned by minorities, veterans, and women. Finally, 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. These businesses require real estate – farmland, warehouses, and storefronts – which creates multiple contacts to other industries and businesses, each of which is affected by current laws keeping their money out of the bank system. The SAFER 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,



Tracey Kasper
2023-2024 President, National Association of REALTORS®

Cc: Senate Banking Committee