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September 20, 2023

The Honorable Steve Daines
320 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Jeff Merkley
531 Hart Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators Daines and Merkley:

On behalf of the Credit Union National Association (CUNA), I am writing to thank you for introducing the Secure and Fair Enforcement Regulation Banking Act (SAFER Banking) Act. This important legislation will bring consistency and common sense to federal law in the area of banking regulation where it intersects with the country's legal cannabis businesses. CUNA represents America's credit unions and their more than 135 million members.

Credit unions exist to serve the financial services needs of their members, but the disparate treatment of production, distribution, sale, and use of cannabis under federal law and some state laws has discouraged them from providing services to businesses throughout the supply chain in states where cannabis is legal. In recent years, as various states have legalized cannabis for medicinal and recreational use, participants in the market have sought out credit unions to provide safe and affordable financial services. Currently, 38 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands have legalized medical cannabis programs while 22 states and the District of Columbia have legalized recreational cannabis.

CUNA takes no position on the legalization or decriminalization of cannabis at either the state or federal level. However, credit unions operating in states where it is legal have members and member businesses involved in the cannabis market who need access to safe and secure depository and lending services—the absence of which creates a significant public safety issue. A 2015 analysis found that, in the absence of being banked, one in every two cannabis dispensaries were robbed or burglarized—with the average thief walking away with anywhere from \$20,000 to \$50,000 in a single theft.

Additionally, even financial institutions that choose not to bank the cannabis industry still risk unknowingly serving those businesses in states where cannabis is legal. Indirect connections are often difficult to identify and avoid because like any other industry, those offering cannabis-related services work with vendors and suppliers. These are Main Street businesses like the printing company that makes a business card, the landlord that rents office space, and even the utility company that provides water or electricity. Under the existing status quo, a credit union that does business with any one of these indirectly affiliated entities could unknowingly risk violating federal law.

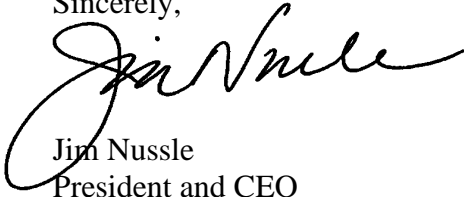
The SAFER Banking Act of 2023 would offer narrowly targeted federal protections for credit unions and other financial institutions accepting deposits, extending credit, or providing payment services to an individual or business engaged in cannabis related commerce in states where such activity is legal with a safe harbor, so long as they are compliant with all other applicable laws and regulations.

Furthermore, the SAFER Banking Act provides a safe harbor to credit unions and their employees who are not aware if their members or customers are involved in this business. Many credit unions operate in states where their voters or legislatures have made cannabis legal in one form or another.

Therefore, CUNA believes that financial institutions should be permitted to lawfully serve businesses that engage in activities authorized under their state laws, even when such activity may be inconsistent with federal law.

On behalf of America's credit unions and their more than 135 million members, thank you for introducing this important legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle", written in a cursive style. The signature is positioned above the printed name and title.

Jim Nussle
President and CEO