

Reginald Byron Jones-Sawyer, Sr.
59th Assembly District



AJR 28: Access to Banking Services for Cannabis Businesses

SUMMARY

AJR 28 would send a message to the federal government regarding the state's urgent need to provide banking services to the legal cannabis industry.

BACKGROUND

On January 1, 2018 adult-use of cannabis became legal in California due to the passage of Proposition 64.

The state's new cannabis industry is projected to represent almost 30 percent of all legal cannabis sales in the United States. Yet, this industry faces a unique and significant challenge.

The federal classification of cannabis as a Schedule I drug under the Controlled Substances Act has discouraged financial institutions from providing banking services to cannabis businesses. As a result, these legal businesses are unable to take advantage of bank services such as bank accounts, debit or credit cards, and business loans, forcing them to complete most business transactions in cash.

Having the entire cannabis industry operating with limited access to banking services is a serious public safety threat to California communities. The cash-only nature of cannabis businesses has made owners, employees, customers and entire communities vulnerable to crime.

In 2013, during the Obama administration, the U.S. Department of Justice released the Cole Memo which directed federal law enforcement not to prosecute cannabis businesses operating legally within state boundaries. These guidelines were

used by the Treasury Department to issue guidance to financial institutions, offering some legal protection for those choosing to provide services to legally operated cannabis businesses. However, the recent decision by the U.S. Department of Justice to rescind the Cole Memo creates legal uncertainty.

This decision by Attorney General Jeff Sessions and the Trump Administration is likely to exacerbate public safety concerns in our communities.

THIS BILL

AJR 28 would urge Congress and the President to pass legislation that would allow financial institutions to provide services to the cannabis industry.

COST ANALYSIS

This measure does not have a cost to state tax-payers.

SUPPORT

California Cannabis Industry Association
California Credit Union League

OPPOSITION

None on file.

CONTACT

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