



Cheryl Davila  
Councilmember  
District 2

CONSENT CALENDAR  
October 29, 2019

To: Honorable Mayor and Members of the City Council  
From: Councilmembers Cheryl Davila and Kate Harrison  
Subject: Letter in Support of HR 1595: Secure And Fair Enforcement Banking Act of 2019

#### RECOMMENDATION

Send a Letter to Congresswoman Barbara Lee in Support of HR 1595: Secure And Fair Enforcement Banking Act of 2019, and direct the city clerk or designee to send a letter to our state representatives.

#### BACKGROUND

Since the passage of Proposition 64 (Adult Use of Marijuana Act) in November 2016, California represents about a third of the North American cannabis market with the state taking in more than \$345 million in revenue last year. Proposition 64 was designed to create new revenue for the state. However, these efforts are being compromised by cannabis businesses' inability to engage in traditional banking services.

At the April 23, 2019 City Council Meeting, the Council authorize sending a letter of support for AB-953 "Cannabis: state and local taxes: payment by digital asset" to Assemblymember Phil Ting.

Most legal cannabis-related businesses across the nation do not have a bank account, meaning this entire industry is run almost entirely in cash, creating profound implications for the industry's sustainability, safety, and ability to pay taxes.

HR 1595 would prohibit United States banking regulators from penalizing financial institutions for providing banking services to a legitimate cannabis business. Specifically, the bill prohibits federal banking regulators from:

- Terminating or limiting deposit or share insurance of a financial institution solely because the financial institution provides services to a legitimate marijuana-related business;
- Prohibits or otherwise discourages a financial institution from offering services to such a business;
- Recommending, incentivizing, or encouraging a depository institution not to offer financial services to an account holder solely because the account holder is affiliated with such a business;
- Taking any adverse or corrective supervisory action on a loan made to a person solely because the person either owns such a business or owns real estate or equipment leased or sold to such a business;

- Penalizing a financial institution for processing or collecting payments for such a business.

The intent of HR. 1595 is to increase safety by ensuring cannabis related businesses access financial services.

FINANCIAL IMPACTS OF RECOMMENDATION

None.

ENVIRONMENTAL SUSTAINABILITY

None.

CONTACT PERSON

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ATTACHMENTS:

1. Letter of Support
2. Link to HR 1595 Bill Text:  
<https://www.congress.gov/bill/116th-congress/house-bill/1595/text>

Congresswoman Barbara Lee  
2470 Rayburn House Office Building  
Washington, DC 20515

To: Congresswoman Barbara Lee and Congressman

Date: October 29, 2019

Re: Letter in Support of HR 1595: Secure And Fair Enforcement Banking Act of 2019

Dear Congresswoman Lee:

Since the passage of Proposition 64 - the Adult Usage Marijuana Act. Today, California represents about a third of the North American cannabis market with the state taking in more than \$345 million in taxes last year alone. Proposition 64 was designed to create new revenue for the state and address public safety concerns by driving out the illegal market. However, these efforts are being compromised by cannabis businesses' inability to engage in traditional banking services.

At the April 23, 2019, City Council Meeting, the Council authorize sending a letter of support for AB-953 "Cannabis: state and local taxes: payment by digital asset" to Assemblymember Phil Ting.

Most legal cannabis-related businesses across the nation do not have a bank account, meaning this entire industry is run almost entirely in cash, creating profound implications for the industry's sustainability, safety, and ability to pay taxes.

HR 1595 proposes to prohibit United States banking regulators from penalizing a financial institution for providing banking services to a legitimate cannabis business. Specifically, the bill prohibits federal banking regulators from:

- Terminating or limiting deposit or share insurance of a financial institution solely because the financial institution provides services to a legitimate marijuana-related business;
- Prohibits or otherwise discourages a financial institution from offering services to such a business;
- Recommending, incentivizing, or encouraging a depository institution not to offer financial services to an account holder solely because the account holder is affiliated with such a business;
- Taking any adverse or corrective supervisory action on a loan made to a person solely because the person either owns such a business or owns real estate or equipment leased or sold to such a business;
- Penalizing a financial institution for processing or collecting payments for such a business.

The intent of HR. 1595 is to increase safety by ensuring cannabis related businesses access financial services.

Best regards,

The Berkeley City Council

