

Thank you to Senators Merkley and Daines for being here to testify and welcome to our other witnesses. And thank you to Ranking Member Scott for working with me on this hearing.

Today the cannabis landscape looks far different than it did even a few short years ago.

Cannabis has been legalized or decriminalized in almost every state. States and localities have established licensing and social equity programs to ensure that small businesses and communities impacted by the war on drugs are part of the growing legal cannabis industry.

Today, we will hear about the challenges that small businesses and workers continue to face, and how we can empower and protect workers, provide stronger consumer and small business protections, and ensure fair and equitable access to financial services – all while making sure that our communities stay safe.

Banking is critical for small cannabis businesses, who already face hurdles getting their business off the ground. Like any business, they need to apply for licenses, raise capital.

But that's hard to do when you don't have a bank account, or if you do, one that might come with lots of fees.

Without full access to the banking and payments system, legal cannabis businesses are forced to operate in the shadows.

They can't access SBA loans, and know that even if they try to apply for a bank loan, they might go through all the costs and effort, only to be denied. So many small businesses rely on friends and family for funding.

They deal with lots of cash, spend precious time trying to find a work-around, or hire expensive third party service providers that take a hefty cut of their slim profits.

This puts a robbery target on the backs of workers, and can make it harder to combat money laundering.

There are also thousands of workers who can't prove their income to get a mortgage or a car loan, or keep a personal bank account, even though their paychecks come from a business that is perfectly legal in their state.

Many of these workers are represented by unions like the UFCW and the International Brotherhood of Teamsters, which are fighting to make sure that their workers have more power in the workplace, in an industry where their physical safety is often at risk.

The effects of this patchwork system go beyond just the cannabis industry.

Sheet metal and air conditioning contractors build service retail locations and other facilities.

Lawn care and gardening companies, like Scotts Miracle-Gro in Ohio, sell materials and equipment. They want to continue their businesses and serve their customers, and they don't want to worry that it will put their bank accounts at risk.

While small businesses and workers deal with these challenges, the large cannabis companies are the ones dominating the market.

They have ready access to private capital and are taking advantage of their workers with unfair labor practices to maximize profits. I stand by the workers who are actively fighting for higher wages and safer workplaces.

We don't want the cannabis industry to become like big tobacco – concentrating industry power in just a few giant players, hurting workers and pushing out thousands of small businesses, which are more likely to be owned by Black and brown entrepreneurs, women, and veterans.

We want small banks and credit unions, MDIs, and CDFIs to be able to serve small businesses and their workers, and level the playing field in an industry that is increasingly concentrated.

Community banks and credit unions in my state want to serve the legal cannabis industries in their communities, and they want to rest assured that they can continue to bank their existing customers.

Banks and credit unions shouldn't have to pick and choose which services they can offer to customers that happen to earn their income from a cannabis business.

People in the cannabis industry should be able to have the same types of personal, commercial, and mortgage loans that any other customer can have, with the same protections and without additional costs or fees.

And as we all know, the over-criminalization of marijuana has disproportionately hurt communities of color and indigenous communities.

We have a long way to go to right those wrongs. We can start by ensuring that members of these communities not only benefit from, but also lead, the growth of the legal cannabis industry.

MDIs and CDFIs can help reach these communities that are often overlooked – or worse, preyed upon – by other financial institutions. And people with prior marijuana convictions – especially in states where it is now legal – shouldn't be barred from participating in our economy, whether it's renting a home or finding a good paying job.

We all want safe communities and a safe banking system.

As we all know after the three recent bank failures sparked by a panic-induced run, banks must manage the risks of their business.

And they need to understand that failure to meet stakeholder expectations can have dire consequences for their customers.

We must not weaken regulators' ability to protect consumers and the banking system from these risks.

Financial institutions also play an important role in monitoring our financial system for fraud, money laundering, and other illegal activities.

We need to ensure that workers and small businesses in the cannabis industry can access banking, while maintaining our robust anti-money laundering framework.

I have heard from law enforcement officials who say that expanding banking access to cannabis businesses can help improve public safety, and direct resources towards truly criminal activity.

Cannabis banking is of course just one part of the conversation on marijuana policy.

People shouldn't be thrown in jail for a product that others are legally profiting from. In the past, we have been able to work together on a bipartisan basis to give those with prior convictions a second chance.

Everyone – including our veterans – should have access to the medicine they need to care for themselves and their families.

And if we truly care about public health, we should consider more medical and scientific research on this topic, so that we understand all of the impacts.

There is more work to be done to make sure everyone can participate in the banking system and the legal cannabis economy in a fair, safe, and equitable way. I am glad we are building on the progress we have made over the years, and I look forward to continuing the conversation with our witnesses.