

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
May 11, 2023 at 9:45 AM

Thank you to both of you for being here with us today – particularly to Senator Daines for your hard work and dedication on this topic for a number of years. As well as acknowledging both Senator Cramer and Lummis for their hard work on this, as well on such an important topic.

Each one of us on this committee represents different states with different marijuana laws, and I understand that some of us may be in very different places when it comes to the legality of marijuana. In my home state of South Carolina, marijuana is largely still illegal, and I, myself, have concerns with it.

And at the federal level, marijuana is considered a Schedule 1 drug, which means that the possession, distribution, or sale of marijuana and other marijuana-derived products is illegal and that proceeds from marijuana-related businesses are subject to U.S. anti-money laundering laws.

The Department of Justice and national law enforcement groups have expressed concerns that [the] SAFE Banking Act could create loopholes in our money-laundering laws making it harder to catch criminals that traffic weapons, fentanyl, and even people – much harder, which is a consequence that we must eliminate if this bill is to become law.

However, there are some states that have legalized marijuana, and now, we have legal state-based marijuana-related businesses throughout the country that depend on a relationship with their bank or credit union. And as a former small business owner, I understand and appreciate the importance of having that relationship with your financial institution. A banking relationship is crucial to providing safety and stability for a company – both employees and the customers it serves.

That is why I am looking forward to hearing from our second panel of witnesses on how these businesses operate, the complications faced by these businesses, and how the safe harbor provided in the SAFE Banking Act would work in practice or if more is needed to ensure compliance.

Finally, if we are going to have a conversation about SAFE Banking and banking a product that is illegal at the federal level, then we must discuss the importance of banking all industries. In the past few years, we have seen certain financial institutions cave to political pressures and take actions to “de-bank” certain legal industries, such as firearms and oil and gas entities, due to the wild progressive nature of the radical Left and their agenda. These same institutions that are asking us to take a second look at the SAFE Banking Act are frankly standing in the way of banking legal entities today. I find that disappointing and quite perplexing. Congress has a responsibility to ensure that all legal industries have access to financial institutions and services. I understand that SAFE Banking, as drafted, currently contains a provision to ensure that legal industries are banked. De-banking legal industries is inappropriate, and I look forward to hearing more about that part of the legislation as we continue the discussion today. I hope today’s hearing lends itself to a thoughtful debate on this issue.