



Testimony in Support of HB 4094
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Credit unions are not-for-profit financial cooperatives, organized to meet the needs of their members. They are democratically owned and controlled institutions, based on the “people helping people” principle. With more than 1.8 million members, Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

Background

State laws legalizing marijuana use and legalizing marijuana production and distribution for have left credit unions in a bind. The many new businesses that have been created in Oregon are in need of financial services in order to successfully operate. However, financial institutions face substantial difficulties in providing those services due to intense compliance requirements and federal criminal concerns. Guidance issued by the U.S. Department of Justice (the “Cole Memo”) and related guidance issued by the federal Financial Crimes Enforcement Network (FinCEN) is at the heart of these concerns: the guidance imposes substantial due diligence and monitoring requirements in serving marijuana related businesses, but does not provide safe harbor from potential criminal repercussions.

In the 2015 legislative session, the Oregon Legislature passed a resolution to Congress to urge them to support development of a solution to financial issues arising from the marijuana industry and to declassify marijuana as a schedule 1 drug.

Also in 2015, Senators Wyden and Merkley introduced the Marijuana Businesses Access to Banking Act, legislation to ensure that legal marijuana businesses can access banking services. Currently, marijuana businesses operating under state laws that have legalized medicinal or recreational marijuana have been mostly denied access to the banking system because, at a minimum, financial institutions that provide such services must spend heavily on compliance infrastructure and procedures to undertake the required due diligence review and monitoring of the business. At worst, the institution can be prosecuted under federal law. Without the ability to access bank accounts, accept credit cards, or write checks, businesses must operate

using large amounts of cash. This creates safety risks for businesses and surrounding communities, and makes it more difficult for local and state governments to collect taxes.

HB4094

We are thankful for Rep. Read addressing this challenging issue with HB4094. The most immediate impact of the bill for credit unions would be to facilitate provision of license file information to lender institutions in order to permit them to conduct the required due diligence. Although the biggest obstacles to serving marijuana related businesses are embedded in federal law, this bill would help financial institutions to minimize their risks in the current federal environment.