

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact, statement issued (Indeterminate Impact)

Action Date: 02/10/16

Action: Do Pass With Amendments. (Printed A-Eng.)

Meeting Dates: 02/03, 02/08, 02/10

Vote:

Yeas: 10 - Barreto, Barton, Doherty, Esquivel, Evans, Fagan, Heard, Holvey, Kennemer, Nosse

Exc: 1 - Weidner

Prepared By: Jan Nordlund, Committee Administrator

WHAT THE MEASURE DOES:

Exempts financial institutions providing services to licensed businesses in the marijuana industry from certain Oregon criminal laws. Directs Oregon Liquor Control Commission (OLCC), Oregon Health Authority (OHA), and Department of Revenue to provide, upon request, financial institutions with information on licensees or permit holders in the marijuana industry. Prohibits financial institution from sharing this information except as specified. Directs Department of Consumer and Business Services (DCBS) to study, among other items, the federal laws, regulations and administrative actions related to providing financing and other financial services to businesses in the marijuana industry. Requires agency to report to Legislative committees by January 1, 2017. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Challenge of conducting transactions in cash, including payroll and tax payments
- Requirement to know activities of customers
- Changes at federal level needed to protect financial institutions serving legal businesses
- Alternate payment systems also governed by federal law and regulations

EFFECT OF COMMITTEE AMENDMENT:

Replaces original measure.

BACKGROUND:

Because marijuana is federally classified as a Schedule 1 drug, offering financial services to marijuana businesses introduces a level of risk not present with other customers of financial institutions. Even with the legalization of marijuana in Oregon, businesses in the marijuana industry are challenged in finding a financial institution to serve their needs. Currently, Oregon criminal laws treat financial institutions as conspirators by association with their marijuana business clients. Federal compliance requirements and criminal concerns apply to state-chartered financial institutions, as they maintain federal depository insurance. Guidance issued by the U.S. Department of Justice (referred to as the Cole Memorandum) and by the federal Financial Crimes Enforcement Network (FinCEN) requires due diligence and monitoring requirements for financial institutions servicing businesses in the marijuana industry. However, the guidelines do not provide protection from potential criminal actions.

House Bill 4094-A is intended to provide financing and other financial services for Oregon's legal marijuana businesses by exempting the financial institutions providing such services from certain Oregon criminal laws. The measure also requires the OLCC, OHA, and Department of Revenue to provide information on the license and permits holders in the marijuana programs they regulate when requested by a financial institution so that the

financial institutions can comply with federal guidelines. Except as specified, the financial institutions may not disseminate, release or otherwise make this information available.