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ATTN: House Committee on Revenue

Chair Barnhart & members of the committee,

I am testifying today on behalf of the Independent Party of Oregon. Our party supports HB 4091, which will establish the Oregon Cash Depository Corporation (OCDC) to serve as a state depository for cash businesses.

We see this as a reasonable and necessary step to provide safe cash management services for Oregon's growing marijuana industry.

Retail marijuana sales was a \$30 million industry in Oregon in 2017 and is expected to grow into a \$50 million industry in 2018. Because marijuana is a schedule 1 narcotic, current federal regulations against money laundering prevent lawful Oregon marijuana retailers from making deposits in traditional banks.

This is a crisis situation for the industry and we appreciate your committee's attention to the matter.

HB 4091 appears to permit, at a minimum, secure deposits and will facilitate financial transactions between people who hold accounts within the OCDC. OCDC will also "Seek and implement to the extent practicable methods by which the corporation may interconnect with financial institutions and banking services to enable funds transfers and other financial services...."

So, in addition to providing limited financial services, OCDC will also seek to establish a clear legal framework that enables OCDC to provide broader financial services for its depositors.

We believe that the State of Oregon has a legitimate and compelling role in ensuring a better regulatory framework for this industry and see the need for federal reform, and OCDC's mission, which will include identifying and establishing that clearer framework, as a further compelling reason for this body to authorize the formation of OCDC.

We disagree with the analysis by OBA regarding the scope of the legislation. OBA and its members do not currently serve the marijuana retail industry and we note that their testimony acknowledges the need to provide safe banking for lawful marijuana retailers. OBA nevertheless opposes this legislation as "not the answer" and recommends federal action and appears to be primarily concerned about potential competition from the OCDC in other cash-oriented businesses.

While we agree with OBA that changes in federal banking regulations are desirable and also believe that the federal government should consider rescheduling marijuana, we note that there is little chance of federal action in either of these areas.

Given this, the practical needs of Oregon retailers and this \$30 million industry should take precedence over OBA's concerns, which, based on their testimony, appear to be primarily of a provincial, competitive nature, rather than based on broader public interest concerns..

Inaction on this bill will perpetuate a crisis situation that imposes an unreasonable burden on lawfully licensed businesses operating in the state. We recommend that the committee move HB 4091 with a "do pass" recommendation.

Respectfully,

Sal Peralta

Secretary, Independent Party of Oregon