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**Testimony on HB 3169:**

Thank you Chair Lively, Vice Chairs Bonham and Fahey, and members of the committee. My name is Walt Krumbholz and I have worked in the banking industry in Oregon for over 35 years in addition to eight years as a small business owner. During that time, I have helped to build and sustain community banks, and have utilized my legal, financial, and economic development experience on multiple banking projects. I am currently on the board of Craft 3, a CDFI which lends to entrepreneurs, nonprofits and individuals to strengthen economic, ecological and family resilience in the Pacific Northwest.

Having extensive business and banking experience in Oregon and Washington, I clearly understand the banking challenges the cannabis industry faces. In a state that supports and benefits from legalization of cannabis, the lack of available banking services to this industry exposes the state to a heightened level of crime and tax evasion and limits the industry's potential for fundamentally solid economic growth. It is a problem that needs to be addressed.

Safe harbor has frequently been discussed as a solution to the cannabis banking challenge. Though passage of a comprehensive federal banking safe harbor seems unlikely in the short and medium term, establishment of a more limited safe harbor for state chartered, cannabis specific, intrastate financial institutions could protect public interests and open up opportunities for banks and cannabis businesses in our state.

It is clear in Oregon that cannabis is a rapidly growing industry, with many businesses seeking options and opportunities that are not overly expensive or difficult to pursue. Limited charter banks, authorized to accept deposits from and lend to cannabis businesses, can provide much needed support to expand this industry, and make this growth more sustainable.

If and when the US Congress passes legislation to hold harmless such limited charter banks in Oregon and other states which have legalized cannabis, HB 3169 will provide an initial context within which Oregon can make cannabis banking viable and affordable for all cannabis related businesses. It is clear that opening up this industry can lead to good investment and business opportunities for interested stakeholders. By establishing the capacity for cannabis banking now, bankers in Oregon can build expertise and capacity to be national leaders in this industry. While HB 3169 is a work in progress, I believe that it is a solid platform that bankers and the cannabis industry can support and work with to responsibly grow the industry and to promote economic and public interests.

Thank you.