

House Bill 3169

Sponsored by Representative MARSH

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that banking institutions and credit unions may organize as limited charter cannabis financial institutions. Requires limited charter cannabis financial institutions to adopt policies and practices allowing them to comply with certain federal law. Prohibits such institutions from transacting business with financial institutions other than limited charter cannabis financial institutions.

Prohibits limited charter cannabis financial institutions from offering checking services other than issuance of special purpose checks that may be used only for specified purposes.

Prohibits limited charter cannabis financial institutions from investing assets except for certain specified investments.

Requires Director of Department of Consumer and Business Services to adopt rules to carry out provisions of Act and to ensure safe and sound operation of limited charter cannabis financial institutions. Authorizes director to limit powers of such institutions.

A BILL FOR AN ACT

1
2 Relating to limited charter financial institutions.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 6 of this 2019 Act:**

5 (1) **"Bank Act" has the meaning given that term in ORS 706.005.**

6 (2) **"Banking institution" has the meaning given that term in ORS 706.008.**

7 (3) **"Cannabis business" means a marijuana processing site registered under ORS**
8 **475B.840, a medical marijuana dispensary registered under ORS 475B.858, a marijuana pro-**
9 **ducer that holds a license under ORS 475B.070, a marijuana processor that holds a license**
10 **under ORS 475B.090, a marijuana wholesaler that holds a license under ORS 475B.100, a**
11 **marijuana retailer that holds a license under ORS 475B.105 or a laboratory that holds a li-**
12 **cense under ORS 475B.560.**

13 (4) **"Credit union" has the meaning given that term in ORS 723.006.**

14 (5) **"Financial institution" has the meaning given that term in ORS 706.008.**

15 (6) **"Limited charter cannabis financial institution" means a banking institution or a**
16 **credit union that is chartered as a limited charter cannabis financial institution under sec-**
17 **tion 2 of this 2019 Act.**

18 (7) **"Oregon Credit Union Act" means ORS chapter 723.**

19 (8) **"Public body" has the meaning given that term in ORS 174.109.**

20 **SECTION 2. (1) Persons applying to organize a banking institution under the Bank Act**
21 **or a credit union under the Oregon Credit Union Act may apply to the Director of the De-**
22 **partment of Consumer and Business Services to establish the banking institution or credit**
23 **union as a limited charter cannabis financial institution.**

24 (2) **The director may prescribe the form of the application and impose a fee for the ap-**
25 **plication, not to exceed \$2,500. A fee under this subsection is in addition to, and not in lieu**
26 **of, any other fees authorized under the Bank Act or the Oregon Credit Union Act.**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (3) The director may grant a charter for a limited charter cannabis financial institution:

2 (a) For a banking institution, only if the applicant meets all requirements for organiza-
3 tion set forth in the Bank Act, and for a credit union, only if the applicant meets all re-
4 quirements for organization set forth in the Oregon Credit Union Act, except as provided in
5 subsection (4) of this section; and

6 (b) Only if the director determines, based on the substance of the application, that the
7 applicants and proposed principals of the banking institution or credit union are competent
8 to establish and operate a limited charter cannabis financial institution in accordance with
9 the requirements of sections 1 to 6 of this 2019 Act.

10 (4) In lieu of the requirement of ORS 707.140 to submit evidence of approval for deposit
11 insurance by the Federal Deposit Insurance Corporation, an applicant may submit evidence
12 of approval for deposit insurance by a private insurer, in amounts and under terms that are
13 satisfactory to the director.

14 **SECTION 3.** (1) Except as provided in sections 1 to 6 of this 2019 Act, a limited charter
15 cannabis financial institution is subject to otherwise applicable provisions of the Bank Act
16 and the Oregon Credit Union Act. To the extent that those provisions are inconsistent with
17 sections 1 to 6 of this 2019 Act, the provisions of sections 1 to 6 of this 2019 Act control.

18 (2) A limited charter cannabis financial institution shall adopt policies and practices that
19 allow it to comply with the federal Bank Secrecy Act and regulations and guidance relating
20 to the cannabis industry issued by federal regulatory bodies, including the Financial Crimes
21 Enforcement Network or any successor body.

22 (3) A limited charter cannabis financial institution may not transact business with any
23 financial institution other than a limited charter cannabis financial institution.

24 (4) Subject to approval by the Director of the Department of Consumer and Business
25 Services, a limited charter cannabis financial institution may enter into agreements with one
26 or more other limited charter cannabis financial institutions to form a network for the
27 purpose of providing mutual assistance in providing services to the cannabis industry in this
28 state. A network authorized under this subsection may not include financial institutions
29 other than limited charter cannabis financial institutions.

30 **SECTION 4.** (1) A limited charter cannabis financial institution may not offer checking
31 services to account holders except as provided in this section.

32 (2) A limited charter cannabis financial institution may issue special purpose checks to
33 an account holder. Subject to subsection (5) of this section, special purpose checks may be
34 used only for the following purposes:

35 (a) To pay fees or taxes to a public body;

36 (b) To pay rent on property that is leased by, or on behalf of, a cannabis business;

37 (c) To pay a vendor that is physically located in Oregon for goods or services associated
38 with a cannabis business; and

39 (d) To purchase bonds issued by a public body.

40 (3) A special purpose check must contain, on its face, a prominent notice substantially
41 equivalent to the following: "This check is issued by (the name of the limited charter
42 cannabis financial institution) and may be deposited only at (the name of the limited charter
43 cannabis financial institution) or another limited chartered cannabis financial institution that
44 agrees to accept this check."

45 (4) Public bodies are authorized to accept payment by special purpose checks.

1 (5) No person or public body is required to accept payment by special purpose check.

2 (6) A limited charter cannabis financial institution may not cash a special purpose check
3 presented by a person who does not hold an account with the limited charter cannabis fi-
4 nancial institution unless:

5 (a) The limited charter cannabis financial institution previously issued the special pur-
6 pose check to an account holder; and

7 (b) The special purpose check was used for a purpose authorized under this section.

8 (7) A limited charter cannabis financial institution may, but is not required to, cash or
9 deposit a special purpose check that is drawn on a different limited charter cannabis finan-
10 cial institution.

11 **SECTION 5.** (1) A limited charter cannabis financial institution may not invest its assets
12 except as authorized in this section.

13 (2) A limited charter cannabis financial institution may:

14 (a) Lend capital to cannabis businesses; and

15 (b) Purchase bonds and other debt instruments issued by a public body.

16 (3) The Director of the Department of Consumer and Business Services shall, by rule,
17 limit the amounts a limited charter cannabis financial institution may invest under this
18 section.

19 **SECTION 6.** (1) The Director of the Department of Consumer and Business Services shall
20 adopt rules that are necessary or convenient to carry out the provisions of sections 1 to 6
21 of this 2019 Act and to ensure the safe and sound operation of limited charter cannabis fi-
22 nancial institutions.

23 (2) The director may, by rule, prohibit or restrict the exercise by limited charter
24 cannabis financial institutions of powers otherwise granted to them under the Bank Act or
25 the Oregon Credit Union Act, if the director determines that such powers are not necessary
26 to carry out activities authorized by sections 1 to 6 of this 2019 Act.

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