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October 08, 2019

Industry Insights: SAFE Banking Act Passes House, Aims to Increase Access of Cannabis-Related Businesses to Banking Services

Late last month, the U.S. House of Representatives passed [H.R. 595](#), the Secure and Fair Enforcement Banking Act of 2019 (the "SAFE Banking Act"). The stated purpose of the SAFE Banking Act is to "increase public safety by ensuring access to financial services to cannabis-related legitimate businesses and service providers and reducing the amount of cash at such businesses." In particular, the bill would provide safe harbor and other protections under federal law to financial institutions and insurers that provide services to cannabis-related legitimate businesses. Under the proposed bill, such insurers and financial service providers would not be subject to liability under federal law solely for providing such services to, or investing the income derived from, cannabis-related legitimate businesses. The bill defines a "cannabis-related legitimate business" as one that engages in "any business or organized activity that involves handling cannabis or cannabis products, including cultivating, producing, manufacturing, selling, transporting, displaying, dispensing, distributing, or purchasing cannabis or cannabis products" pursuant to the governing law of a state or relevant political subdivision of a state. The related Senate bill, [S. 1200](#), has 33 co-sponsors, including 5 Republican senators. The House's passage of the SAFE Banking Act comes amid growing concern about the ability of cannabis-related businesses in certain states to engage with financial services and insurance providers. For example, California's Department of Business Oversight issued [guidance](#) for state-chartered banks and credit unions that maintain financial service relationships with marijuana-related businesses. Among other things, California's recent guidance notes that the state "will not bring regulatory actions against state-chartered banks or credit unions solely for establishing a banking relationship with licensed cannabis businesses." More information about California's cannabis banking guidance can be found in [Banking Services for Legal Hemp May Open Door to Broader Cannabis Market](#), written by Barak Cohen.

Authors

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