



## **U.S. House Approves Cannabis-Related Banking Legislation Designed to Give Certainty to Businesses Operating in States Where Marijuana Is Legal**

By James E. Hyland, Esq.  
The Pennsylvania Avenue Group  
TLTA Federal Legislative Counsel  
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On Sept. 25, the U.S. House passed H.R. 1595, which would make it legal for banks, credit unions, insurance companies and other financial services providers to service cannabis-based businesses without running afoul of federal law. Cannabis remains illegal under federal statutes, but legal under some state's laws, including Texas under its Compassionate Use Program. Ninety-one Republicans joined all but one Democrat to pass the bill 321 to 103.

While this is not a pervasive front-line issue in Texas, there are secondary impacts that may affect Texas's title industry.

As pointed out in testimony on Feb. 13 before the U.S. House, indirect connections to marijuana revenues are hard, if not impossible, for financial companies to both identify and avoid. Like almost every other business, the cannabis industry is dependent upon any number of vendors and suppliers to function. These are everyday businesses, like the printing company that makes business cards, the office supply company that fulfills orders for pens and copy paper, the housekeeping crew or landlord that cleans or rents office or retail space, and even the utility company that provides that space with water or electricity. Under the existing status quo, a bank, credit union or financial company, including a title insurance company, that does business with any one of these indirectly affiliated entities could unknowingly risk violating the federal Controlled Substance Act, USA Patriot Act, Bank Secrecy Act, and/or the Racketeer Influenced and Corrupt Organizations Act, among other federal statutes.

House passage of H.R. 1595 was less about the merits of marijuana legalization than it was driven by the business community's need for legal certainty, particularly in states where some form of cannabis is legal, such as Texas.

The question remains: where does it go from here? The chief Senate sponsor, Cory Gardner (R-CO), recently told TLTA's federal counsel that his conversations with the Senate Banking Committee Chairman Mike Crapo (R-ID) are "getting better and better." Sen. Crapo has indicated he would like to work on similar legislation, but may want tighter restrictions than the House.

Sen. Gardner also said last April that President Trump told him he'd sign legislation to ensure states can decide for themselves whether to legalize marijuana, but that Senate Majority Leader Mitch McConnell needs some more convincing.