



HB 556 – Cannabis Reform

Committee: House Economic Matters Committee

Date: February 17, 2023

Position: Support

The Maryland Bankers Association (MBA) **SUPPORTS** HB 556, which establishes the regulatory and licensing framework for adult-use cannabis in the State. MBA appreciates the inclusion of the Capital Access Program to establish a loan loss reserve account as well as the implementation of a State-level safe harbor for financial institutions to serve cannabis-related businesses (CRBs).

Maryland is home to one of the top cannabis lenders in the country with loans across seven states. This institution also offers deposit services and cash management controls, including corporate debit cards. Many banks that are getting involved with cannabis banking start with deposits as there is less risk – however, there is a strong need for loans in the marketplace – which Maryland banks are helping to close. MBA member institutions serving CRBs are fully prepared, able, and willing to take deposits right away once adult-use cannabis is legalized.

As mentioned, MBA members strongly support the Capital Access Program for social equity licensees. MBA believes this initiative will create more opportunities and confidence for banks to continue to expand the deposit base and lending portfolio to CRBs -- particularly to new licensees that may not have significant sources of collateral or existing cash flow. Accordingly, MBA supports the expansion of the proposed \$500,000 loan cap contained in Subtitle 14 of HB 556 and urges a **FAVORABLE** report on the bill.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 30,000 Marylanders and holding more than \$181 billion in deposits in over 1,000 branches across our State. The Maryland banking industry serves about 4 million customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.