



February 1, 2023

Chairman C.T. Wilson
Room 231
House Office Building
Annapolis, Maryland 21401

HB556 – Cannabis Reform

Testimony on Behalf of: MD|DC Credit Union Association

Position: Support

Chair Wilson, Vice-Chair Crosby, and Members of the Committee:

The MD|DC Credit Union Association, on behalf of the 70+ Credit Unions and their 1.9 million members that we represent in the State of Maryland, appreciates the opportunity to testify on this legislation. Credit Unions are member-owned, not-for-profit financial cooperatives that prioritize the financial well-being of their members. **We support this bill.**

The State of Maryland licensed its first medical cannabis companies in 2017. Since that time, the medical cannabis industry in Maryland has grown significantly. Today, there are more than 150 medical cannabis growers, processors, dispensaries, testing laboratories, and ancillary businesses that serve a patient population of more than 139,000.¹ This industry has quickly expanded in all aspects, including financially. From its most recent report, the Maryland Medical Cannabis Commission projected the sales of medical cannabis to generate more than 600 million dollars.² These numbers are poised to grow exponentially with the creation of a statewide adult-use program.

Federal law doesn't create a straightforward pathway for credit unions and other financial institutions to provide banking services to cannabis and ancillary businesses. As a result, the financial institutions that choose to provide services for legitimate cannabis businesses incur significant compliance costs and bear many risks. Without a "safe harbor" that allows financial institutions to serve cannabis businesses and ancillary companies, this industry and the public will remain at risk.

The banking provisions in this act will increase public safety by ensuring access to financial services to cannabis-related legitimate businesses and service providers. This will reduce the amount of cash at such businesses and protect, to the extent possible by the state, financial institutions that provide a financial product or service to legitimate cannabis use.

Money laundering, tax evasion, armed robberies, and other crimes will be significantly reduced. Without these provisions, legal businesses will continue to face significant uncertainty in providing their cannabis-related services, disproportionately hurting small businesses and those needing access to capital. Additionally, the provisions in this bill make it easier for businesses to transact safely with the public, which directly decreases exposure to criminal threats and adequately allows them to account for their finances and reduce compliance and risk exposure.

¹ "FY2021 Annual Report – Maryland Medical Cannabis Commission." Accessed February 14, 2023.
https://mmcc.maryland.gov/Documents/Annual%20Report/FY21_Annual_Report.pdf.

² Id.

The MD|DC Credit Union Association appreciates the careful consideration given to the complex financial institution landscape and is happy to support this bill.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Bratsakis", with a stylized flourish at the end.

John Bratsakis
President/CEO