



The Voice of Oregon Banking • Since 1905

HOUSE BILL 4091

Written Testimony of the Oregon Bankers Association to the House Revenue Committee

Chair Barnhart and members of the House Revenue Committee. Thank you for the opportunity to provide written testimony with respect to House Bill 4091.

House Bill 4091 would create the Oregon Cash Depository Corporation (“OCDC”). This governmental entity would, among other things, be permitted to serve as a depository for cash, deliver cash management services, and provide transportation facilities and services for entities that are primarily cash-only businesses. Several of the powers delegated to the OCDC are banking functions, including the ability to lend (Section 2(3)(a) & (L)) and take deposits (Section 2(3)(i)).

Although the words cannabis and marijuana are not explicitly mentioned in the bill – and in fact the bill is not limited to these types of businesses – we understand that the primary intent of House Bill 4091 is to create a governmental entity to provide banking services to the cannabis industry in Oregon. We have a number of concerns with the creation of a government entity that engages in the business of banking, whether it is for the benefit of the cannabis industry or another constituency.

With respect to the cannabis industry, we agree that the industry faces very real challenges in accessing banking services, and that such challenges create concerns ranging from public safety to tax collection. This is true in every state that has some form of a state-legalized cannabis industry, as the barriers – and solutions – are a matter of federal law and regulation.

The OCDC, or a state-run bank, is not the answer to solving the problem of banking the cannabis industry. In addition to possible constitutional concerns related to state banks (Oregon Constitution, Article XI, Section 1) and existing limitations in the Oregon Bank Code as to who can engage in banking business, including taking deposits (ORS 707.005, 707.010), other impediments exist to a government entity banking the cannabis industry. Included among these impediments would be the inability of such an entity to access the payment system or to obtain deposit insurance from the FDIC. There is also the question of the risk such an entity like the OCDC poses to the public interest.

It is important to state that some members of the Oregon banking community would like the opportunity to provide banking services to the cannabis industry if there was a legal and regulatory path that allowed them to do so. The risk today, however, is far too great for most institutions to bank the cannabis industry. Until the issue is addressed at the federal level, we will continue to have a shortage of traditional banking options for the cannabis industry.

While the Oregon Bankers Association takes no position on whether cannabis should be legal or not, we believe that cannabis-related businesses that are legally operating in Oregon should have access to banking services. For the last 18 months, the Oregon Bankers Association has led a Cannabis Banking Coalition that has brought together the bankers associations from approximately 20 states to discuss the challenges and possible solutions related to banking the legal cannabis industry. We continue to work with our partners in other states to find solutions to this challenge. That said, a state-run banking entity poses more problems than solutions.

We understand that the subject of banking cash businesses, and in particular the cannabis industry, will remain a concern until the U.S. Congress takes action. We welcome the opportunity to participate in that discussion.

Thank you for the opportunity to provide testimony on House Bill 4091. If you have any questions, please contact Tim Martinez at (503) 510-9019 or Kevin Christiansen at (503) 576-4123.