



California State Treasurer Fiona Ma, CPA

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California Treasurer Fiona Ma Urges Swift Passage of Federal SAFE Banking Act

SACRAMENTO – California State Treasurer Fiona Ma today urged swift passage of federal legislation that will bring safety, certainty, and security to financial institutions that support the cannabis industry.

Last week the U.S. House of Representatives passed the Secure and Fair Enforcement (SAFE) Banking Act with a strong bipartisan vote of 321-103. The legislation now goes to the Republican-led Senate for approval.

Earlier this year Treasurer Ma [urged Congress](#) to bring clarity to the cannabis-banking relationship during her testimony to the U.S. House Committee on Financial Services: House Consumer Protection and Financial Institutions Subcommittee.

H.R. 1595 (Perlmutter, D-CO-7), also known as the SAFE Banking Act, would allow financial institutions such as banks and credit unions to legally provide financial services to legal cannabis businesses and would provide a safe harbor for those federally regulated or federally insured banks and credit unions wishing to accommodate cannabis businesses in California – and 32 other states – that have approved the use of cannabis in some form or another.

Prior to assuming her duties as State Treasurer in January of this year, Ma served as a member of the California Board of Equalization, one of two principal tax collection agencies in the state where cannabis dispensaries were supposed to collect and remit sales taxes.

“Duffel bags and sometimes suitcases of cash with tens to hundreds of thousands of dollars would arrive quarterly at some of our designated offices and some business owners had to drive 350 miles to pay their taxes,” Treasurer Ma testified before Congress. “I asked how much we collected from the cannabis industry and my agency really didn’t know since tax revenues are commingled and deposited with other cash tax payments.”

“Many business owners didn’t know the local and state filing requirements and many didn’t even file income taxes. And we are also concerned with the public safety surrounding all-cash businesses and heard many off-the-record stories. Eventually it became starkly clear that the Big Elephant in the room was lack of banking access.”

Currently, federal law considers cannabis a Schedule 1 Drug on the same level as heroin, LSD, GHB, and Ecstasy. It prohibits financial institutions from supporting the cannabis industry without running afoul of multiple layers of financial law and regulation. Penalties for doing so could include the federal officials closing offending financial institutions. This presents an especially difficult problem for states such as California where cannabis use is now legal. Currently, there are 33 states that allow legal medicinal use and 10 states plus the District of Columbia that allow adult recreational use.

“One of the surest ways of bringing a business out of the shadows and collecting lawfully-imposed taxes is to promote access to the economy’s banking and payments systems,” the Treasurer said. “Yet, federally regulated banks and financial institutions risk severe penalties if they inadvertently aid and abet—no matter how remotely—activities that the federal government deems illegal.”

Treasurer Ma says the SAFE Banking Act touches more than cannabis growers and storefront businesses. Plumbers, electricians, attorneys, and landlords who service the industry also have had their banking relationship jeopardized by these antiquated federal regulations.

The cannabis market in California alone is expected to exceed \$5.1 billion in overall revenue in 2020 according to an Arcview Market Research and BDS Analytics report. This same report highlighted that the legal cannabis market could triple over the next four years - being worth as much as \$32 billion globally.

Ma is the state's chief banker. Money paid to the state for licenses, taxes, and fees is collected and invested through the treasurer's office. That is why she advocates this action at the state and federal level to rectify the banking conflict.

"The US will fuel a majority of this revenue, and it's critical we accommodate the magnitude of this economic uptick with access to banking for this new state regulated industry," Ma said.

Fiona Ma is California's 34th State Treasurer. She was elected on November 6, 2018 with more votes (7,825,587) than any other candidate for treasurer in the state's history. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer's Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world's fifth-largest economy and Treasurer Ma is the state's primary banker. Her office processes more than \$2 trillion in payments within a typical year. She provides transparency and oversight for the government's investment portfolio and accounts, as well as for the state's surplus funds. Treasurer Ma oversees an investment portfolio of more than \$90 billion, more than \$23 billion of which are local government funds. She serves as agent for sale for all State bonds, and is trustee on more than \$90 billion of outstanding debt.

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