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ALTA Applauds U.S. House for Passing Landmark Cannabis Banking Legislation

Oct 17, 2019

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ALTA applauded the U.S. House of Representatives for passing the SAFE Banking Act (HR 1595), which provides a safe harbor helping banks, insurers and other financial services providers serve businesses in the cannabis industry.

HR 1595 was the first standalone bill on marijuana to reach the House floor and passed by a vote of 321-103. It now heads to the Senate.

The SAFE Banking Act prevents federal regulators from taking enforcement actions against financial institutions that do business with the cannabis industry in states where it is legal. It also provides protection from prosecution for handling marijuana funds. The goal of the bill is to move those businesses away from cash and into the banking system. It has broad support from the financial services industry.

“ALTA thanks U.S. Reps. Ed Perlmutter (D-Colo.) and Denny Heck (D-Wash.) for leading this much-needed bill, allowing banks to provide services to cannabis businesses and companies that provide services to cannabis firms,” said ALTA CEO Diane Tomb. “Over the last year, ALTA has worked closely with sponsors to broaden the bill to protect insurance companies and settlement providers. This landmark bill will hopefully provide state authorized cannabis entities access to banking services and title companies the ability to safely insure and facilitate the purchase and lease of real estate that could be used in growing, storing or selling of marijuana. While the bill is not perfect, it does address many of the roadblocks faced by title companies that provide services to marijuana businesses. Getting these new provisions would not have been possible without the work of ALTA’s marijuana work group.”

ALTA also thanked Reps. Nydia Velaquez (D-N.Y.) and Steve Stivers (R-Ohio) for their work on the Clarifying Law Around

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Insurance Marijuana Act language that was added to SAFE Act. In an industry trade group letter, ALTA joined six other associations warning that the insurance industry was potentially exposed to liability arising from the differences of the legal treatment of cannabis and cannabis products under federal and state law and regulation at the state level. However, safe harbor provisions would prevent federal criminal prosecution of and civil liability when engaging in the business of insurance in states that have legalized cannabis in some form.

In the Senate, Senate Banking Committee Chair Mike Crapo has taken the first steps toward voting on a bill. He recently convened several trade associations, including ALTA, to get their thoughts on the process.

(Editor's note: While this is a significant move and the ALTA expresses great enthusiasm for its further passage, this is but the first major hurdle cleared. Yet to come is the very politically charged U.S. Senate and then the need for the President's signature to enact this into law. Many miles yet to go, I'm afraid.)

