



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-5

For the meeting of: June 19, 2018

Date: June 13, 2018
To: Board of Supervisors
From: Supervisor Ryan Sundberg
Subject: Letter of Support for SB 930 (Hertzberg): a bill to provide banking services to the cannabis industry.

0000RECOMMENDATION(S): That the Board of Supervisors authorize the Chair to sign the letter.

SOURCE OF FUNDING: N/A

DISCUSSION: The use of medical marijuana was legalized in California in 1996 and Prop 64 legalized adult-use cannabis as of January, 2018. However, due to cannabis' federal classification as a Schedule I drug, cannabis-related businesses are not able to deposit income with federally-insured financial institutions. Cannabis cultivation, distribution, and retail businesses have been forced to operate on a cash-only basis creating a significant public safety issue, and is extremely impractical from an accounting perspective.

SB 930 creates a limited purpose state charter bank license that would be administered and regulated by the Department of Business Oversight, and would allow cannabis-related businesses to open accounts and deposit income in banks that hold a limited purpose state charter created under the bill.

FINANCIAL IMPACT: N/A

OTHER AGENCY INVOLVEMENT:

ALTERNATIVES TO STAFF RECOMMENDATIONS: Board discretion.

ATTACHMENTS: Letter of Support

Prepared by Kathy Hayes Signature Ryan Sundberg
REVIEW: Auditor _____ County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor Wilson Seconded by Supervisor Bass
Ayes Bass, Fennell, Sundberg, Bohm, Wilson
Nays _____
Abstain _____
Absent _____

PREVIOUS ACTION/REFERRAL:
Board Order No. _____
Meeting of: _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 6/19/18
By: [Signature]
Kathy Hayes, Clerk of the Board



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

825 5TH STREET, ROOM 111
EUREKA, CALIFORNIA 95501 PHONE: (707) 476-2390

June 19, 2018

Senator Robert Hertzberg
State Capitol, Room 4038
Sacramento, CA 95814

RE: Support for SB 930 (Hertzberg) As Amended March 14, 2018

Dear Senator Hertzberg:

On behalf of the Humboldt County Board of Supervisors, I am writing in support of Senate Bill 930 to provide banking services to cannabis industry.

SB 930 creates a limited purpose state charter bank license that would be administered and regulated by the Department of Business Oversight. Privately-funded banks that receive this charter would be able to provide limited banking and custodial services to licensed cannabis and cannabis-related businesses. Under SB 930, banks could issue checks to accountholders to only be used for the following purposes:

- Pay state and local taxes and fees,
- Pay vendors from California for goods and services provided to the cannabis business
- Pay rent, and
- Purchase state and local bonds and other debt instruments.

The use and consumption of medical marijuana was legalized in California in 1996, and Proposition 64 legalized adult-use cannabis as of January 2018. However, due to cannabis' federal classification as a Schedule I drug, cannabis-related businesses are not able to deposit income with federally-insured financial institutions. The cannabis industry is expected to generate between \$8-20 billion annually. This is a massive industry that we can only expect will continue to grow; yet cultivation, distribution, and retail businesses alike have been forced to operate on a cash-only basis. This is not only impractical from an accounting perspective, but also presents a significant public safety issue.

SB 930 allows cannabis-related businesses to open accounts and deposit income in banks that hold a limited purpose state charter created under this bill

For these reasons, the Humboldt County Board of Supervisors supports SB 930.

Sincerely,

Ryan Sundberg, Chair
Humboldt County Board of Supervisors

RS:kh