
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 465 Session of
2019

INTRODUCED BY STREET, FOLMER, LEACH, FARNESE, GORDNER, KILLION,
YAW, MUTH, BOSCOLA, BREWSTER, LAUGHLIN, VOGEL AND
TARTAGLIONE, MARCH 21, 2019

REFERRED TO BANKING AND INSURANCE, MARCH 21, 2019

AN ACT

1 Amending the act of May 15, 1933 (P.L.565, No.111), entitled "An
2 act relating to the powers and duties of the Department of
3 Banking and Securities and the Secretary of Banking and
4 Securities in exercising supervision over, and taking
5 possession of and conducting or liquidating the business and
6 property of, corporations, associations, and persons
7 receiving deposits or otherwise transacting a banking
8 business, corporations acting as fiduciaries, and building
9 and loan associations; providing for the payment of the
10 expenses of the Department of Banking by supervised
11 corporations, associations, or persons, and appropriating the
12 Banking Department Fund; authorizing the Department of
13 Banking, under certain circumstances, to examine
14 corporations, associations, or persons affiliated, or having
15 business transactions with supervised corporations,
16 associations or persons; authorizing appeals to the Supreme
17 Court, and prescribing and limiting the powers and duties of
18 certain other courts and their prothonotaries, registers of
19 wills, recorders of deeds, and certain State departments,
20 commissions, and officers; authorizing certain local public
21 officers and State departments to collect fees for services
22 rendered under this act; regulating securities; providing
23 penalties; and repealing certain acts and parts of acts,"
24 providing for Cannabis Banking Commission.

25 The General Assembly of the Commonwealth of Pennsylvania

26 hereby enacts as follows:

27 Section 1. The act of May 15, 1933 (P.L.565, No.111), known
28 as the Department of Banking and Securities Code, is amended by

1 adding an article to read:

2 ARTICLE XI-B

3 CANNABIS BANKING COMMISSION

4 Section 1101-B. Legislative declarations and intent.

5 (a) Declarations.--The General Assembly declares as follows:

6 (1) The medical cannabis program has been providing
7 medical cannabis to seriously ill patients across this
8 Commonwealth for over two years.

9 (2) The Department of Health of the Commonwealth issued
10 25 grower/processor permits and 50 dispensary permits in the
11 first three years of implementation of the medical cannabis
12 program in this Commonwealth. This is the maximum number of
13 permits available under the act of April 17, 2016 (P.L.84,
14 No.16), known as the Medical Marijuana Act, demonstrating the
15 steadily growing level of patient demand and success of the
16 program.

17 (3) The continued Federal classification of cannabis as
18 a Schedule I drug under the Controlled Substances Act (Public
19 Law 91-513, 84 Stat. 1236) inhibits financial institutions,
20 which are subject to Federal law, from providing banking
21 services to the medical cannabis industry in Pennsylvania.

22 (4) Consequently, despite the success of the program and
23 its contribution to the health and economy of the
24 Commonwealth, the many grower/processor and dispensary
25 permittees providing medical cannabis in this Commonwealth
26 are compelled to pay business bills, employees, suppliers and
27 taxes in cash only.

28 (5) Dealing in such large amounts of cash puts these
29 cannabis organizations, their employees and customers at risk
30 of violent crime, and continues the stigmatization of

1 operating a cannabis organization as a transparent, tax-
2 paying participant in the Commonwealth's economy.

3 (b) Intent.--It is the intent of the General Assembly to
4 create a commission within the department, comprised of several
5 cooperating Commonwealth agencies, to resolve the many conflicts
6 that prevent Pennsylvania's cannabis industry from accessing
7 financial services and prevent financial institutions from
8 providing those services in this Commonwealth.

9 Section 1102-B. Definitions.

10 The following words and phrases when used in this article
11 shall have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 "Cannabis." The term shall include the following:

14 (1) Medical cannabis.

15 (2) Marijuana for adult use, for purposes other than
16 medical, if approved pursuant to the laws of this
17 Commonwealth.

18 "Cannabis organization." A medical marijuana organization as
19 defined in section 103 of the act of April 17, 2016 (P.L.84,
20 No.16), known as the Medical Marijuana Act;

21 "Commission." The Cannabis Banking Commission.

22 "Financial institution." A bank, a national banking
23 association, a bank and trust company, a trust company, a
24 savings and loan association, a building and loan association, a
25 mutual savings bank, a credit union or a savings bank.

26 "Medical cannabis." Medical marijuana as defined in section
27 103 of the Medical Marijuana Act.

28 "Medical cannabis program." The medical marijuana program
29 established under section 301 of the Medical Marijuana Act.

30 Section 1103-B. Cannabis Banking Commission.

1 (a) Establishment.--The Cannabis Banking Commission is
2 established within the department. The commission shall consist
3 of the following members:

4 (1) The secretary or a designee.

5 (2) The Secretary of Health or a designee.

6 (3) The Secretary of Agriculture or a designee.

7 (4) The Secretary of Revenue or a designee.

8 (5) Two members to be appointed by each of the
9 following, who shall be knowledgeable and experienced in
10 issues relating to the provision of financial services to
11 businesses in the cannabis industry or in operating as a
12 cannabis organization in this Commonwealth:

13 (i) The President pro tempore of the Senate.

14 (ii) The Minority Leader of the Senate.

15 (iii) The Speaker of the House of Representatives.

16 (iv) The Minority Leader of the House of
17 Representatives.

18 (6) Two members appointed by the Governor, who shall be
19 principals, operators, financial backers or employees of
20 cannabis organizations in this Commonwealth.

21 (7) Three members to be appointed by the Governor from
22 the financial services industry as follows:

23 (i) One member who is knowledgeable and experienced
24 in providing financial services through a financial
25 institution.

26 (ii) One member who is knowledgeable and experienced
27 in providing financial services through a credit union.

28 (iii) One member who is knowledgeable and
29 experienced in providing financial services through
30 technology to facilitate end-to-end payments via the

1 Internet.

2 (b) Terms.--Except as provided under subsection (g), the
3 members appointed under subsection (a) (5), (6) and (7) shall
4 serve a term of four years or until a successor has been
5 appointed and qualified, but no longer than six months beyond
6 the four-year period.

7 (c) Chairperson.--The secretary, or a designee, shall serve
8 as chairperson of the commission.

9 (d) Voting and quorum.--The members under subsection (a) (1),
10 (2), (3) and (4) shall serve ex officio and shall have voting
11 rights. A majority of the members shall constitute a quorum for
12 the purpose of organizing the commission, conducting the
13 commission's business and fulfilling the commission's duties. A
14 vote of the majority of the members present shall be sufficient
15 for all actions of the commission unless the bylaws require a
16 greater number.

17 (e) Attendance.--A member of the commission appointed under
18 subsection (a) (5), (6) or (7) who fails to attend three
19 consecutive meetings shall forfeit the member's seat on the
20 commission unless the secretary, upon written request from the
21 member, finds that the member should be excused from a meeting
22 for good cause. A member who cannot be physically present may
23 attend meetings via electronic means, including video
24 conference.

25 (f) Governance.--The commission shall have the power to
26 prescribe, amend and repeal bylaws, rules and regulations
27 governing the manner in which the business of the commission is
28 conducted and the manner in which the duties granted to the
29 commission are fulfilled. The commission may delegate
30 supervision of the administration of commission activities to an

1 administrative secretary and other employees of the department
2 as the secretary shall appoint.

3 (g) Initial terms.--The initial term of a member appointed
4 under subsection (a) (5), (6) or (7) shall be for one, two, three
5 or four years as the secretary shall determine at the time of
6 appointment. All other members shall serve for a term of four
7 years.

8 (h) Vacancy.--In the event that a member appointed under
9 subsection (a) (5), (6) or (7) shall die or resign or otherwise
10 become disqualified during the member's term of office, a
11 successor shall be appointed in the same manner and with the
12 same qualifications as set forth in this section and shall hold
13 office for the unexpired term. An appointed member of the
14 commission shall be eligible for reappointment.

15 (i) Expenses.--A member appointed under subsection (a) (5),
16 (6) or (7) shall receive reimbursement for the amount of
17 reasonable travel, hotel and other necessary expenses incurred
18 in the performance of the duties of the member in accordance
19 with Commonwealth regulations, but shall receive no other
20 compensation for the member's service on the commission.

21 (j) Duties.--The commission shall have the following duties:

22 (1) Examine and analyze the statutory and regulatory law
23 and issues relating to the provision of financial services by
24 financial institutions to cannabis organizations and other
25 businesses in the cannabis industry in this Commonwealth.

26 (2) Examine and analyze the law, issues and potential
27 solutions in other states and the nation with respect to the
28 provision of financial services by financial institutions to
29 businesses in the cannabis industry.

30 (3) Accept and review written comments from individuals

1 and organizations.

2 (4) Develop and implement short-term and long-term
3 strategies as necessary to encourage existing financial
4 institutions to provide financial services to cannabis
5 organizations and other businesses in the cannabis industry
6 in this Commonwealth, including, but not limited to:

7 (i) education within the financial services industry
8 and cannabis industry;

9 (ii) cross-department data aggregation and sharing;

10 (iii) advocacy for legal and regulatory reform at
11 both the Federal and State levels; and

12 (iv) coordination of stakeholders within the
13 financial services industry, cannabis industry, Federal
14 and State Government for purposes of sharing information
15 and facilitating education and advocacy for Federal
16 policy changes.

17 (5) Provide resources regarding the current law to
18 financial institutions considering whether to provide
19 financial services to cannabis organizations and other
20 businesses in the cannabis industry in this Commonwealth on
21 the commission's publicly accessible Internet website.

22 (6) Issue, two years after the effective date of this
23 section, a written report to the appointing authorities under
24 subsection (a) (5), (6) and (7), the chair and minority chair
25 of the Banking and Insurance Committee of the Senate and the
26 chair and minority chair of the Commerce Committee of the
27 House of Representatives. The written report shall include
28 recommendations and findings as to the following:

29 (i) Potential short-term, immediate solutions to
30 improve the ability of the Commonwealth to manage

1 cannabis-related cash payments.

2 (ii) Proposed changes to statutory or regulatory law
3 and policy that would allow and encourage existing
4 financial institutions to provide financial services to
5 cannabis organizations and other businesses in the
6 cannabis industry in this Commonwealth.

7 (iii) Strategies to encourage existing financial
8 institutions to provide financial services to cannabis
9 organizations and other businesses in the cannabis
10 industry in this Commonwealth.

11 (7) Beginning one year after the effective date of this
12 section, and every year thereafter, issue an annual written
13 report to the appointing authorities under subsection (a)(5),
14 (6) and (7), the chair and minority chair of the Banking and
15 Insurance Committee of the Senate and the chair and minority
16 chair of the Commerce Committee of the House of
17 Representatives. The annual report shall include:

18 (i) A summary of the commission's activities
19 relating to its duties under this section.

20 (ii) At the commission's discretion, any other
21 information related to the provision of financial
22 services to cannabis organizations and other businesses
23 in the cannabis industry in this Commonwealth by
24 financial institutions.

25 (k) Written reports.--The written reports required under
26 subsection (j)(6) and (7) shall be adopted at a public meeting
27 of the commission and the report shall be a public record under
28 the act of February 14, 2008 (P.L.6, No.3), known as the Right-
29 to-Know Law.

30 Section 2. This act shall take effect in 30 days.