



April 4, 2019

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The Honorable Cory Gardner
354 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Elizabeth Warren
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Gardner and Warren:

On behalf of the California State Association of Counties (CSAC), I am writing to thank you for introducing legislation – the *Strengthening the Tenth Amendment Through Entrusting States Act*, or the *STATES Act* – that would allow states to determine their own cannabis policies. While cannabis would continue to be illegal at the federal level, the *STATES Act* would create an exemption to the *Controlled Substances Act* (CSA) for states that have legalized cannabis in one form or another. The bipartisan measure also would require states to abide by certain restrictions, including a minimum age for marijuana sales and employment.

As you know, California has been at the forefront of efforts to reform cannabis laws, and it has done so to reflect the will of the people. In 1996, the Golden State was the first to legalize the use of medical cannabis when voters approved the *Compassionate Use Act* (Proposition 215). Twenty years later, California voters approved another statewide ballot initiative – the *Adult Use of Marijuana Act* (AUMA, Proposition 64) – to legalize recreational use.

The *Medicinal and Adult-Use Cannabis Regulation and Safety Act* (MAUCRSA), which the California State Legislature approved in June of 2017, provides the legal framework for the production, transportation, and sale of cannabis in California. Of particular importance for counties, MAUCRSA provides for strong and implicit local controls, allowing individual counties and cities to shape what the industry will look like in their communities. For instance, local governments have the right to either ban cannabis activity or regulate and tax both adult-use and medicinal cannabis operations within their boundaries.

Despite its status as a legal drug in California, one of the most significant hurdles for the cannabis industry continues to be access to banking services. Due to the conflict between state and federal law, financial institutions have generally been reluctant to open accounts for such businesses out of fear that it may be perceived as a form of money laundering. This forces legal cannabis businesses to deal in large amounts of cash, which creates a public safety hazard in the communities where they operate. It also makes it more difficult for state and local governments to track revenues for taxation purposes. The *STATES Act* would solve these issues by easing restrictions on banking, thus ensuring that financial institutions can confidently serve state-legal cannabis businesses without fear of retribution from the federal government.

In sum, CSAC believes that the federal government should respect states' rights with regard to cannabis regulation and enforcement. The *STATES Act* is consistent with our association's policy, and we are pleased to endorse this important piece of legislation. Should you have any questions or if you need any additional information, please contact Joe Krahn or Hasan Sarsour, CSAC Federal Representatives, Paragon Government Relations at (202) 898-1444.

Sincerely,



Graham Knaus
CSAC Executive Director

cc: Senator Dianne Feinstein
Senator Kamala Harris