

# United States Senate

WASHINGTON, DC 20510

June 22, 2021

The Honorable Patrick Leahy  
Chairman  
Senate Committee on Appropriations

The Honorable Richard Shelby  
Vice Chairman  
Senate Committee on Appropriations

The Honorable Chris Van Hollen  
Chairman  
Senate Appropriations Subcommittee on  
Financial Services and General Government

The Honorable Cindy Hyde-Smith  
Ranking Member  
Senate Appropriations Subcommittee on  
Financial Services and General Government

Dear Chairman Leahy, Vice Chairman Shelby, Chairman Van Hollen, and Ranking Member Hyde-Smith:

As you begin drafting the Fiscal Year (FY) 2022 Financial Services and General Government Related Agencies Appropriations Bill, we respectfully request that you include report language prohibiting the U.S. Small Business Administration (SBA) from denying loan applications for the 7(a) Loan Guarantee Program, Disaster Assistance Program, Microloan Program, and 504/Certified Development Company Loan Program to legally operating cannabis small businesses in states that have legalized cannabis sale and use.

Over the years, there has been a clear shift in public opinion supporting legalization of cannabis in the United States. Most recently, Arizona, Montana, New Jersey, New York, and South Dakota joined a long list of states and the District of Columbia, including Alaska, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, and Washington, that have legalized both the recreational and medicinal sale and use of cannabis. In 2020, states collected an estimated \$3 billion in tax revenue from legal cannabis sales.<sup>1</sup> However, SBA's current policy excludes small businesses with "direct" or "indirect" products or services that aid the use, growth, enhancement, or other development of cannabis from SBA-backed financing. Consequently, small businesses in states with some form of legal cannabis must choose between remaining eligible for SBA programs and participating in or doing business with a rapidly-growing and legal industry.

The SBA's loan programs provide financial assistance in the form of loans and loan guarantees to small businesses who cannot easily access capital. These include the 7(a) Loan Guarantee Program, Disaster Assistance Program, Microloan Program, and 504/Certified Development Company Loan Program. Currently, most banks are reluctant to serve even state-legal cannabis businesses due to conflicts with federal law, meaning that these legally operating small businesses often are forced to operate using only cash, potentially jeopardizing safety in order to do business. SBA programs would be especially helpful to cannabis small businesses because they would fill gaps left by the private sector and help mitigate the effects of the COVID-19 pandemic. Access to these SBA programs could ensure that small businesses – including those led by our minority, women, and veteran entrepreneurs – support job creation and recover from the COVID-19 pandemic.

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<sup>1</sup> <https://itep.org/state-and-local-cannabis-tax-revenue-jumps-58-surpassing-3-billion-in-2020/>

We strongly support SBA making all of its loan programs available to all state-legal cannabis small businesses. We, therefore, ask the Subcommittee on Financial Services and General Government to include language in your forthcoming legislation to help extend SBA loan programs to cannabis small businesses legally operating in states that allow the sale and use of cannabis for medical or recreational purposes.

Thank you for your leadership in crafting this important appropriations bill, and for your consideration of this request.

Sincerely,

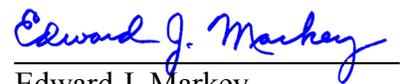
  
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Jacky Rosen  
United States Senator

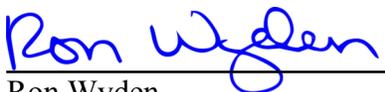
  
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Cory A. Booker  
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Jeffrey A. Merkley  
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Maria Cantwell  
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Bernard Sanders  
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Edward J. Markey  
United States Senator

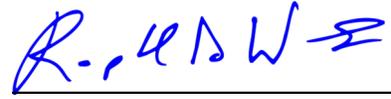
  
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Ron Wyden  
United States Senator

  
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Robert Menendez  
United States Senator

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Alex Padilla  
United States Senator

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Raphael Warnock  
United States Senator