

United States Senate

WASHINGTON, DC 20510

March 30, 2023

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

The Honorable Bill Hagerty
Ranking Member
Senate Appropriations Subcommittee on
Financial Services and General Government

Dear Chairman Van Hollen, and Ranking Member Hagerty:

As you begin drafting the Fiscal Year 2024 (FY24) Financial Services and General Government Related Agencies Appropriations Bill, we respectfully request that you include bill 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. We likewise request that you include bill language prohibiting SBA from excluding such state-legal cannabis businesses from participating in or benefiting from SBA's entrepreneurial development programs.

Over the years, there has been a clear shift in public opinion supporting legalization of cannabis in the United States. Most recently, Maryland and Missouri 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 2022, states collected over \$11 billion in tax revenue from legal cannabis sales¹, and that number is expected to grow as more states legalize cannabis this year. However, SBA's current policy excludes from its loan and entrepreneurial development programs all small businesses with "direct" or "indirect" products or services that aid the use, growth, enhancement, or other development of cannabis. Consequently, small businesses in states with some form of legal cannabis must choose between remaining eligible for SBA financing and support 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 public safety in order to do business. SBA loan programs would be especially helpful to cannabis small


¹ <https://www.mpp.org/issues/legalization/cannabis-tax-revenue-states-regulate-cannabis-adult-use/#:~:text=As%20of%20March%202022%2C%20states,%2C%20adult%2Duse%20cannabis%20sales.>

businesses because they would fill gaps left by the private sector and could expand the availability of capital for many entrepreneurs— including for our minority, women, and veteran business owners. Likewise, SBA’s entrepreneurial development programs provide critical training, counseling, and technical assistance to small businesses across the country – resources desperately needed by entrepreneurs in the new and burgeoning state-legal cannabis industry. Access to SBA loan and entrepreneurship programs would support a rapidly growing industry that creates jobs, supports small businesses, and raise revenues in states that have chosen to legalize cannabis.

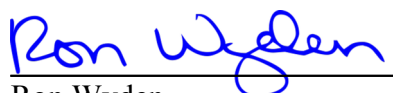
We strongly support SBA making all of its programs open and available to all state-legal cannabis small businesses. We, therefore, ask the Subcommittee on Financial Services and General Government to include bill language in your forthcoming legislation to help extend SBA loan and entrepreneurship programs 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,



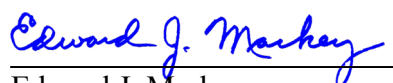
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