

Cannabis Banking

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Issue Update

The legal landscape regarding marijuana and hemp is rapidly changing, and legal uncertainty has kept many of these proceeds out of the banking system. All but two states, Kansas and Idaho, have legalized cannabis in some form for medical purposes. Approximately half of states have approved cannabis for recreational, or adult use. After the President's Executive Order 14370 last December, on April 22, 2026, the Justice Department rescheduled *state-licensed medical marijuana* from a Schedule I to a Schedule III substance under the Controlled Substances Act. This April DOJ order also initiated a new process to consider rescheduling marijuana more broadly (which otherwise remains a Schedule I substance), and allowed state-licensed medical dispensaries and other providers to register with the Drug Enforcement Administration (DEA), and operate under a federal safe harbor. DEA has commenced inspecting businesses. Although the DOJ order has been challenged in court, the safe harbor for medical operations is still in effect. Treasury is working on new tax guidance. Adult-use businesses are still operating in violation of federal law, pending the outcome of this new rulemaking process. As of November 2026 — unless Congress votes to delay or change this— hemp-derived cannabidiol (CBD) and related products, which are currently widely available for purchase, will be reclassified under federal law as marijuana, and may become either Schedule I or Schedule III substances, depending on state law.

Why It Matters

Given the nearly nationwide prevalence of cannabis businesses, and the upcoming legal changes to widely-available CBD products, it is not realistic for banks to avoid cannabis- or hemp-derived funds or transactions. However, many of these transactions could potentially violate federal law. Furthermore, given this legal and regulatory uncertainty, many cannabis businesses choose to avoid the regulated banking system, and the businesses that serve them may be concerned about acknowledging the source of their income. Without banking services, such businesses may operate in cash or other forms of payment outside the regulated banking system, are not screened for potentially suspicious activity, and may be ripe targets for violent crime. Congress reintroduced the bipartisan, bicameral Secure and Fair Enforcement (SAFE) Banking Act of 2026 (S. 4942/H.R. 9471) to allow state-legal cannabis businesses and their service providers to access critical banking and financial services.

Recommended Action Item

Urge Congress to move quickly to enact the SAFE Banking Act of 2026, which was reintroduced this session after passing the Senate Banking Committee with bipartisan support last Congress. A previous version of the bill passed the House seven times with broad bipartisan support.

The bill would:

- Allow banks to serve all cannabis-related businesses;
- Specify that handling proceeds from cannabis-related businesses' legitimate transactions does not violate any provision of federal law; and
- Require federal banking regulators to provide explicit, clear, and uniform expectations regarding the treatment of all cannabis-related accounts.



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