September 23, 2019

Hon. Nancy Pelosi
Speaker of the House
H-232, The Capitol
Washington, DC 20515

Hon. Kevin McCarthy
Minority Leader
H-204, The Capitol
Washington, DC 20515

Hon. Mitch McConnell
Majority Leader
317 Russell Bldg.
Washington, DC 20510

Hon. Charles E. Schumer
Minority Leader
322 Hart Bldg.
Washington, DC 20510

Hon. Steny Hoyer
Majority Leader
H-107, The Capitol
Washington, DC 20515

Hon. Steve Scalise
Minority Whip
1705 Longworth Office Building
Washington, DC 20515

Hon. James E. Clyburn
Majority Whip
H-329. The Capitol.
Washington, DC 20510

Hon. Richard J. Durbin
Minority Whip
711 Hart Bldg.
Washington, DC 20510

Hon. Peter DeFazio
Chair
House Committee on Transportation and Infrastructure
2134 Rayburn Office Building
Washington, DC 20515

Hon. Sam Graves
Ranking Member
House Committee on Transportation and Infrastructure
1135 Longworth House Office Building
Washington, DC 20515

Hon. Frank Pallone
Chair
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Hon. Greg Walden
Ranking Member
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Hon. Karen Bass
Chair
House Committee on the Judiciary
2141 Rayburn House Office Building
Washington, D.C. 20515

Hon. John Ratcliffe
Ranking Member
House Committee on the Judiciary
2141 Rayburn House Office Building
Washington, D.C. 20515

Hon. Lindsey Graham
Chair
Senate Committee on the Judiciary
224 Dirksen Senate Office Building
Washington, DC 20510

Dear Congressional Leaders:

We are a bipartisan group of state and territorial attorneys general who share a strong interest in defending states' rights, protecting public safety, improving our criminal justice systems, and regulating new industries appropriately. To address these concerns, we urge Congress to advance legislation like the bipartisan STATES Act (Strengthening the Tenth Amendment Through Entrusting States Act), currently proceeding as S.B. 1028 in the Senate and H.R. 2093 in the House of Representatives. The proposed STATES Act, or legislation like it, would allow each State and territory to determine, for itself, the best approach to marijuana legalization within its borders, while at the same time creating protections to ensure that such regulation does not impose negative externalities on those states and territories that choose other approaches. **Indeed, nothing in the proposed STATES Act, and nothing in this letter, is meant as an endorsement of any state or territory's particular approach to cannabis policy**. Instead, legislation like the proposed STATES Act is simply meant to ensure that if a state or territory does choose to legalize some form of marijuana use – which at least 33 states and several territories have done – its residents are not subject to a confusing and dangerous regulatory limbo.

As noted, the majority of Americans are affected by this issue. Today, some 33 states and several territories have passed laws that legalize the use of marijuana in at least some capacity. However, under the Controlled Substances Act and 18 U.S.C. § 1956 and 1957, businesses and individuals who produce, sell, or possess marijuana, or engage in financial transactions with proceeds thereby derived are still in violation of federal law. This inconsistency puts a significant burden upon businesses working to operate in a legal industry in a manner that is safe and compliant with state law, as well as on law enforcement agencies trying to ensure complicity to regulations. It also represents a substantial imposition on the prerogative of states and territories to choose those policies that work best for them and their citizens.

Beyond imposing on states' rights, the status quo poses a serious threat to public safety. Under 18 U.S.C. § 1956 and 1957, financial institutions face substantial constraints in providing financial services to the cannabis industry. The result is that much of this industry is forced to conduct business on a cash-only model. In turn, this contributes to a public safety threat as cash-intensive businesses are often targets for criminal activity and make it more difficult to track revenues for taxation and regulatory compliance purposes.

Legislation such as the STATES Act, by ensuring the CSA does not "apply to any person acting in compliance with State law relating to the manufacture, production, possession, distribution, dispensation, administration, [sale,] or delivery of mari[j]uana," will strike at the root of these challenges. In particular, it will lift the cloud of regulatory uncertainty that hangs over legitimate businesses operating in most states in the union and in several territories. In turn, this will reduce the industry's reliance on cash, bring greater clarity to the industry, prevent crime by limiting opportunities for potentially violent robberies and thefts, and ensure that each state has the freedom to determine policy in this area. At the same time, the Act also includes crucial guardrails to ensure that the choices any state makes does not adversely impact its neighbors.

Ultimately, legislation like the proposed STATES Act recognizes the reality on the ground: across the country, state governments, America's "laboratories of democracy," have been working toward those cannabis policies that work best for them. Against this backdrop, the CSA's outdated restrictions imperil states' rights, and in the process, impose serious regulatory and public safety consequences. As law enforcement officers and as lawyers representing our states and territories, we believe the time has come to do better. We urge the adoption of legislation like the proposed STATES Act.

Sincerely,

KARL RACINE
District of Columbia Attorney General

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California Attorney General

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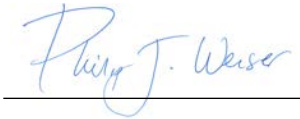
Nevada Attorney General



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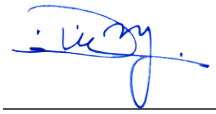

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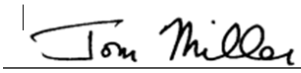

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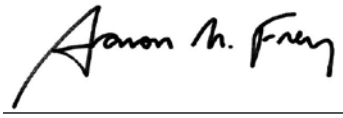

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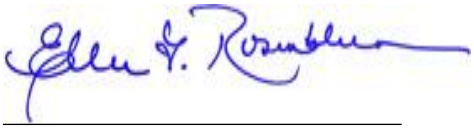

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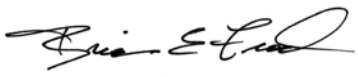

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