



Policy Center
Public Health & Safety

April 28, 2020

The Honorable Mitch McConnell
Senate Majority Leader
317 Russell Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Senate Minority Leader
322 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker of the House
1236 Longworth House Office Building
United States House of Representatives
Washington, DC 20510

The Honorable Kevin McCarthy
House Minority Leader
2468 Rayburn House Office Building
United States House of Representatives
Washington, DC 20510

U.S. Small Business Administration and Federal Assistance for the Cannabis Industry

Dear Majority Leader McConnell, Senate Minority Leader Schumer, Speaker Pelosi, and House Minority Leader McCarthy:

Congress has passed several large coronavirus relief packages including lending programs for impacted businesses through the U.S. Small Business Administration (SBA). However, the cannabis industry is excluded from participating.

According to SBA Standard Operating Procedure (SOP) 50 10 5 (J-K), Lender and Development Company Loan Programs, the cannabis industry and ancillary companies are ineligible for the Economic Injury Disaster Loans (EIDLs). We believe that this is a severe agency overreach because it would exclude assistance for individuals in the cannabis industry working legally under state law. The cannabis industry is also ineligible for the Paycheck Protection Program (PPP) and the Employee Retention Credit, which are short-sighted policy decisions given the crucial role the cannabis industry plays in the economy and state budgets.

The decision to bar the legal cannabis industry from these relief programs not only harms the longevity of the industry but also the hardworking Americans who rely on the industry for their livelihood. In the United States, legal cannabis sales were on track to exceed [\\$15 billion in 2020](#), generating millions in tax revenue, and employing nearly [300,000 in direct and indirect jobs](#). Without this needed relief, more employees in this industry are likely to lose their jobs and associated benefits.

Cannabis companies are good corporate citizens and readily participate in pandemic-related measures to care for their workforce such as mandatory paid sick leave and working to care for those with the virus. Yet, these companies do not have any of the emergency federal protections currently being offered. Further highlighting the inequity in the federal response, cannabis operators also face burdensome tax provisions due to federal law and are denied the opportunity to deduct ordinary, day-to-day business expenses, and lack access to financial services.

We have identified two potential measures that could provide pathways for aid to cannabis businesses as Congress contemplates the next congressional relief package:

Pandemic Relief Block Grants: Congress could authorize fixed block grants to each state for non-specific pandemic relief. This would allow each state to tailor their relief efforts to fit their own unique business environment, allowing for relief to the cannabis industry in states where it has been legalized. States that have not legalized cannabis can direct grant money to other essential industries.

Amend Federal Relief Eligibility: In wake of the pandemic, numerous states have classified the cannabis industry as an essential service that must remain open. If state governors have deemed the service essential, they should be eligible for assistance regardless of federal classification. Congress can amend the *CARES Act* to make

businesses in the cannabis industry eligible for all available loans, tax credits, and other pandemic-related assistance.

While these are just a few suggestions, we are open to any other legislative solutions to bring federal aid to the industry.

As a broad-based coalition that represents organizations founded to promote the expansion, protection, and preservation of businesses engaged in the legal trade of industrial, medical, and adult use cannabis products, we stand behind you in support. We also have financial institutions on standby ready to immediately assist with the implementation of this aid in a safe and sound manner.

Sincerely,



Michael Bronstein,
ATACH President



Fred Niehaus,
PH&S Chairman

ATACH's National Council of State Organizations & Partner Organizations



Andrew Mullins,
Missouri Medical Cannabis Trade Association (MoCann Trade)



Kate Cholewa,
Montana Cannabis Industry Association (MTCIA)



Hugh O'Beirne,
New Jersey Cannabis Industry Association (NJCIA)



Vicki Christophersen,
Washington Cannabis Business Association (WACA)



Cary Carrigan,
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Lacy Wilcox,
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Andrew Blasco,
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*Signature of heads of credit unions intentionally not included to avoid any fraudulent attempts of signature misuse.