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Illinois Senate Passes Bill to Update Banking Rules for Cannabis Banking Industry

Senate Bill 2023 Passes 50-0 with Bipartisan Support

SPRINGFIELD – The Illinois Senate today passed Senate Bill 2023. The legislation, championed by Illinois State Treasurer Michael Frerichs, would prohibit the Illinois Department of Financial and Professional Regulation (IDFPR) from any action that would penalize or dissuade banks and credit unions from serving cannabis-related businesses.

“We are one step closer to preventing state banking regulators from penalizing banks or credit unions for allowing legal cannabis businesses to manage their financial transactions like every other legitimate business in the state,” Frerichs said. “These legitimate business owners should not have to operate underground on a cash-only basis and make themselves vulnerable to crime, fraud, and tax evasion.”

Illinois’ emerging cannabis industry could collapse if updates are not made to federal and state banking rules that threaten financial institutions with closure if they do business with the cannabis industry.

Addressing the outdated banking prohibitions is critical because laws written decades ago to squeeze illegal drug cartels do not reflect today’s reality that 33 states and the District of Columbia now legalize cannabis in some form.

“Right now, we have an existing legal medical marijuana program that is being affected by these outdated banking regulations,” Hutchinson said. “These are issues that these businesses are dealing with right now. While there are conversations on whether to legalize recreational marijuana sales, regardless of the outcome of that legislation, we still must address the barriers facing medical marijuana companies.”

Senator Toi Hutchinson sponsored SB 2023. Representative Jehan Gordon-Booth is the sponsor for HB 2980.

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About the Illinois Treasurer

As Illinois State Treasurer, Frerichs is the state's Chief Investment and Banking Officer and actively manages approximately \$30 billion. The portfolio includes \$13 billion in state funds, \$11 billion in college savings plans and \$6 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$42 to the state for every \$1 spent in operations. Frerichs' office protects consumers by safeguarding more than \$2 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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