



FIONA MA, CPA  
STATE BOARD OF EQUALIZATION  
MEMBER, SECOND DISTRICT

April 11, 2016

Assembly Member Sebastian Ridley-Thomas  
State Capitol, Room 2176

Dear Chairman Ridley-Thomas,

Federal law classifies Marijuana as a schedule I drug under the Controlled Substances Act. In response to legalization of cannabis for medicinal and adult use in many states, the Financial Crimes Enforcement Network (FinCen), under the Department of the Treasury issued guidelines on how financial institutions can provide financial services to cannabis businesses in states with regulated cannabis markets. However, these guidelines require a level of complexity and compliance that most financial institutions are unwilling to take part in. The result is that most cannabis businesses are unbanked. It is estimated that 70 percent of the cannabis industry does not have access to banking.

On October 9, 2015, Governor Jerry Brown signed a package of 3 bills regulating the medical cannabis industry in the State of California. This package is known as the Medical Marijuana Regulation and Safety Act (MMRSA). MMRSA requires a variety of agencies to license businesses in the cannabis industry. Due to the lack of banking access by the cannabis industry, it is anticipated that most licensing fees will be paid in cash. Most of the state agencies required to collect fees and taxes under the MMRSA are not equipped to deal with large amounts of cash. In addition, most of these agencies have limited locations around the State of California to make payments.

Assembly Bill 2149 (Bonilla) seeks to address this problem. AB 2149 authorizes the State Board of Equalization (SBOE) to collect fees and taxes from cannabis businesses for other state agencies. Payments made to the SBOE will be remitted back to the proper state agency. In addition, AB 2149 provides for funding mechanisms to allow the SBOE to improve security and cash collection processes.

Since the passage of Proposition 215 in 1996, the SBOE has been collecting sales and use tax payments from the cannabis industry. SBOE district offices have established protocol on how to handle large volumes of cash. In addition, the SBOE has 22 field offices throughout the State of California. Authorizing the SBOE to enter into agreements with other state agencies to collect fees and taxes from other state agencies will reduce the amount of cash being transported on roads and highways in the State of California.

In Peace and Friendship,

A handwritten signature in blue ink, appearing to read "Fiona Ma", is written over a horizontal line.

Chairwoman Fiona Ma, CPA