



March 20, 2020

REQUEST: Allow state-legal cannabis businesses – which must comply with COVID-19 employer-related mandates – to be eligible for Small Business Administration emergency loans

U.S. House and Senate Leadership:

We are writing with an urgent request potentially affecting the employment status of tens of thousands of Americans and the stability of hundreds of small businesses around the country. We represent participants in the state-legal cannabis industry, which is primarily comprised of small- to medium-sized businesses in states all around the country. Our members follow strict regulations, create jobs, generate billions of dollars in tax revenue – including federal corporate tax revenue – and act as good corporate citizens. Yet it appears as if these businesses will not be eligible for the same loans available to other businesses in this country at risk due to the global pandemic.

On March 12, the Small Business Administration (SBA) announced that it would be providing disaster assistance low-interest loans of up to \$2 million to small businesses impacted by the coronavirus. As fellow members of the U.S. economy, we applauded this action. But we were saddened to see that an SBA spokesperson told the *Cannabis Business Times* this week that state-legal cannabis businesses are not eligible for these loans.¹

The cannabis industry is not a minor part of the U.S. economy at this point. State-legal cannabis sales were expected to exceed \$15 billion this year² – and to expand to more than \$25 billion annually in the near future. More importantly, it has been estimated that the cannabis industry supports close to 250,000 good-paying jobs.³ **Some of these jobs have already been lost due to the health crisis and there is significant risk of greater job loss in the coming months.** Moreover, should these businesses fail, patients and other consumers will be forced to turn to the illicit market, which raises significant public health and safety concerns.

The ineligibility of cannabis businesses for disaster assistance loans is especially inequitable given that these same cannabis businesses are required to comply with other coronavirus-related measures, such as paid sick leave coverage. **We are not seeking special treatment for state-legal cannabis businesses. We only seek to have them treated on an equal level as all other job-generating, tax-paying companies in this country.**

A model for the kind of language that could be included in an upcoming legislative package is contained in Section 4 of H.R. 3540, the Ensuring Safe Capital Access for All Small Businesses Act of 2019. It provides:

“The Administrator may not decline to provide assistance under this subsection to an otherwise eligible borrower solely because such borrower is a cannabis-related legitimate business or service provider.”

[Note: The text of H.R. 3540 provides definitions for “cannabis-related legitimate business” and “service provider.”]

For the sake of the small business owners and hard-working employees in our industry, we implore you to seriously consider this request.

Cannabis Trade Federation
Global Alliance for Cannabis Commerce
Minority Cannabis Business Association
National Cannabis Industry Association
National Cannabis Roundtable

¹ <https://www.cannabisbusinesstimes.com/article/sba-coronavirus-cannabis-operators/>

² <https://mjbizdaily.com/exclusive-us-retail-marijuana-sales-on-pace-to-rise-35-in-2019-and-near-30-billion-by-2023/>

³ <https://www.leafly.com/news/industry/243700-marijuana-jobs-how-many-in-america>