

House Republicans Remove Cannabis Banking Provisions from Funding Bill

Legislation to ban federal interference with banks serving the cannabis industry was pulled from a federal funding bill after objections from Republican lawmakers. GOP members of the U.S. House of Representatives removed provisions that would have protected banks serving cannabis businesses from the financial services and general government bill, which provides annual funding for the Treasury Department, federal payments for the District of Columbia, and the Securities and Exchange Commission, among other agencies, according to a report from The Hill.

Initial Legislative Intent

The cannabis banking provisions aimed to prevent federal funds from being used to “penalize a financial institution solely because the institution provides financial services” to businesses involved in the hemp and state-legal cannabis industries. These provisions were part of the initial draft of one of the dozen annual funding bills GOP leaders hope to pass before the upcoming election season.

Opposition from Within

GOP Representative Dave Joyce of Ohio, co-chair of the Congressional Cannabis Caucus and chair of the House subcommittee responsible for drafting the funding bill, stated that the cannabis banking provisions were removed after some Republicans raised concerns.

“With over 40 states enacting some degree of cannabis reform, it is past time that the federal government respect the will of these states. This issue is especially pertinent as cannabis regulations have been proven to increase public safety and quality of life for Americans,” Joyce said during a subcommittee markup hearing earlier this month.

Opposition from North Carolina Representative

During the hearing, North Carolina GOP Representative Chuck Edwards criticized the cannabis banking provisions, arguing that they were “affirmative authorization disguised as a limitation” and emphasizing that marijuana remains illegal under federal law.

“Our country has never allowed a federally illegal activity to be banked, and it’s important to note that, despite some states trying to legalize marijuana, still a Schedule I drug, marijuana is still illegal,” Edwards stated. “And I believe that it should remain illegal. It’s dangerous, and more and more evidence is being found that it causes irreparable harm, particularly to younger minds.”

Legislative Challenges and Efforts

Despite the Biden administration's efforts to reclassify cannabis under the Controlled Substances Act, full federal legalization of recreational marijuana appears to be years away. While Congress remains divided on comprehensive legalization, many lawmakers from states with legalized medical or adult-use cannabis support easing federal banking restrictions on cannabis businesses. Financial institutions currently face strict federal restrictions on cannabis business accounts, making banking services for these businesses costly or inaccessible.

The Secure and Fair Enforcement (SAFE) Banking Act, designed to ensure equal access to banking services for cannabis businesses, has passed the House multiple times but has yet to receive a full Senate vote. A revised version, the Secure and Fair Enforcement Regulation (SAFER) Banking Act, also remains pending.

Continued Advocacy

After the cannabis provisions were removed from the funding bill, Joyce pledged to continue advocating for easing banking restrictions on marijuana businesses.

“While the provisions maintain strong bipartisan support, as Chairman, I will work to alleviate their concerns but will not delay my responsibility to fund the government and therefore my legislation in the meantime,” he said on Thursday. “However, let me be clear, I will not abandon this effort in Congress and will continue to work with my colleagues in good faith to ensure they become law.”

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