

# ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

## STATEMENT TO ASSEMBLY, No. 4263

with committee amendments

# STATE OF NEW JERSEY

DATED: DECEMBER 5, 2022

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 4263.

As amended, this bill protects financial institutions and insurers doing business with the cannabis industry from being penalized by State regulators.

Under the bill, a financial institution or insurer authorized to engage in business New Jersey may provide financial or insurance services to or for the benefit of a legitimate cannabis-related business and the business associates of a legitimate cannabis-related business subject to:

(1) the laws and regulations applicable to the provision of financial or insurance services to other customers of the financial institution or insurer;

(2) any applicable New Jersey consumer protection laws;

(3) any additional requirements applicable to the financial institution or insurer established for the provision of services to a legitimate cannabis-related business or its business associates by a federal regulatory agency or the department; and

(4) to the extent the financial institution or insurer is providing services to a legitimate cannabis-related business or its business associates in another jurisdiction, any additional requirements applicable to the financial institution or insurer established for the provision of the services by a regulatory agency of that jurisdiction.

The bill provides that no agency or political subdivision of the State will:

(1) prohibit, penalize or otherwise discourage a financial institution or insurer from providing financial or insurance services to a legitimate cannabis-related business or the business associates of a legitimate cannabis-related business;

(2) recommend, incentivize or encourage a financial institution or insurer not to offer financial or insurance services to an account holder, or downgrade or cancel services provided to the account holder, solely because the account holder is a legitimate cannabis-

related business or a business associate of a legitimate cannabis-related business;

(3) take adverse or corrective supervisory action on a loan made to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business solely because the loan has been made to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business;

(4) prohibit or penalize a financial institution or insurer performing financial or insurance services in association with another financial institution or insurer from providing financial or insurance services solely because the institution or insurer is providing financial or insurance services to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business in association with another financial institution or insurer; or

(5) subject the legal interest of a financial institution in the collateral for a loan or another financial service provided to a legitimate cannabis-related business or the business associates of a legitimate cannabis-related business to civil or criminal forfeiture under New Jersey law or initiate or participate in proceedings for the civil or criminal forfeiture of a legal interest under federal law or under the laws of another state solely because the loan has been made to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business.

Additionally, under the bill, no financial institution or insurer, or the directors, officers, employees, agents, owners, shareholders or members of a financial institution or insurer, will be subject to a criminal prosecution, sanction or claim for damages or any equitable remedy, solely because the institution or insurer is providing financial or insurance services to or for the benefit of a legitimate cannabis-related business or the business associates of a legitimate cannabis-related business.

Finally, this bill provides that a legitimate cannabis-related business provide notice to a financial institution or insurer if a license, permit, registration or certification held by the business or its affiliates under federal law, the laws of New Jersey or a law established by another state is suspended or revoked.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) clarify that State regulators cannot take adverse action against a financial institution or insurer solely because the institution or insurer is providing financial or insurance services to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business in association with another financial institution or insurer; and

(2) clarify that State regulators cannot subject the legal interest of a financial institution in the collateral for a loan or another financial

service provided to a legitimate cannabis-related business or the business associates of a legitimate cannabis-related business to civil or criminal forfeiture under any New Jersey law or initiate or participate in proceedings for the civil or criminal forfeiture of a legal interest under federal law or under the laws of another state solely because the loan has been made to a legitimate cannabis-related business or a business associate of a legitimate cannabis-related business.