



Congress of the United States
House of Representatives
Washington, DC 20515

May 4, 2018

The Honorable Linda McMahon
Administrator
United States Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Administrator McMahon:

I am writing to express my concerns with the Small Business Administration (SBA) “Revised Guidance on Credit Elsewhere and Other Provisions in SOP 50 10 5(J)” (Control No. 5000-17057). This guidance prevents the SBA from supporting loans to many small business in Oregon, 45 other states, Guam, and Washington, D.C.—all of which have legalized some form of cannabis (adult-use, medical, and/or CBD).

As a longtime supporter of SBA’s program to back loans for small businesses, I understand the importance of this program for my community and across the country. The policy established by this guidance to prevent businesses that derived *any* of their revenue from sales to “Direct Marijuana Businesses” and hemp-related businesses means that countless small businesses are no longer eligible for SBA loans.

The cannabis industry is one of the fastest growing job sectors in the country—worth an estimated \$7.2 billion and growing. Reports suggest that the legal marijuana industry will create nearly a quarter million jobs by 2020 and nearly 300,000 jobs by 2025. In Oregon, the cannabis market is worth nearly \$800 million. These companies and their employees pay taxes that support schools and local law enforcement, and contribute to their state and local economies.

SBA’s new guidance will mean that countless small businesses including architecture firms, accountants, garden supply businesses, and construction companies across the country will be put at a competitive disadvantage if just one of their clients or customers are part of the burgeoning cannabis industry—an industry that was in many states created by voter ballot initiatives. While I believe that cannabis industry businesses should be treated the same as all other businesses, at the very least, ancillary businesses should not be penalized for supporting a business that is legal in their state.

The cannabis industry is already a core part of the economy in Oregon and dozens of other states that this rule would be impossible to implement and wreak havoc across multiple sectors of the economy. For example, would just one order from a cannabis business for soil preclude a locally owned garden center from receiving federal government loan support in the future?

I call upon you to repeal this guidance immediately to prevent further economic harm and to provide certainty for the thousands of state-legal cannabis businesses and the companies they do business with.

Sincerely,

A handwritten signature in blue ink that reads "Earl Blumenauer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Earl Blumenauer
Member of Congress