

**House Financial Services Committee
Member Day Testimony
Congresswoman Brittany Pettersen (CO-07)**

Thank you, Chairman McHenry and Ranking Member Waters for allowing me the opportunity to testify on issues that are important to Colorado before the Committee this morning.

H.R. 2891, SAFE Banking Act

In 2012, Colorado became the first state to legalize cannabis products. While industry rapidly took off, many of these small businesses were left in legal limbo unable to access banking services due to existing federal regulations.

My friend and predecessor, Congressman Ed Perlmutter (CO-07) introduced the SAFE Banking Act to respond to the needs of the cannabis and marijuana industries. Many of these businesses were unable to access banking and financial services from traditional financial institutions. These financial institutions were, and still are, concerned about federal regulators levying significant fines and penalties for simply servicing businesses that are legal in the state of Colorado.

These businesses remain heavily cash-only with only limited access to banking services. This makes the businesses targets for criminal activity, putting employees, patrons, and the entire community at risk.

According to the Colorado Bankers Association, Colorado has 35 different banks and financial institutions that service cannabis-based businesses. These banks do not just service the growers and the retailers, but the vendors, suppliers, landlords, and employees who may be indirectly tied to cannabis. This creates significant uncertainty for thousands in Colorado and remains a threat to our state's economy.

This bill is strongly bipartisan and has passed the House of Representatives seven times, most recently as a standalone measure in April of 2021 where it passed 321-101.¹ The SAFE Banking Act, or SAFER Banking Act as has passed the Senate Banking Committee² and I encourage this committee to take the legislation up in the coming months.

Should there be an overzealous federal administration that chooses to come in and enforce federal law specifically as it relates to cannabis, these banks and credit unions would be forced to close these accounts, businesses and individuals would become unbanked, and an entire legitimate and legal industry's existence would be threatened.

Addressing the Opioid Crisis

¹ <https://clerk.house.gov/Votes/2021120?Page=2&Date=04%2F19%2F2021>

² <https://www.banking.senate.gov/newsroom/majority/brown-advances-bipartisan-safer-banking-act>

This committee has already taken action in starting to address the opioid crisis, and I thank the committee for moving legislation that I co-lead with Congresswoman Monica De La Cruz (R-TX), the Preventing the Financing of Illegal Synthetic Drugs Act³. This legislation is an important first step in stemming the flow of precursor chemicals that produce fentanyl from China to the United States. I have also introduced H.R. 2616, the Stop the Import of Fentanyl Act.⁴ This legislation seeks to improve coordination between federal agencies like the Drug Enforcement Administration, Health and Human Services, Department of Justice, Customs and Border Protection, and the White House Office of National Drug Control Policy, among others, in our attempts to stop the opioid crisis.

One additional area that this committee must focus on is the role that social media and peer-to-peer payment platforms play in the sale of illicit and deadly drugs to young people. In March 2023, the state of Colorado released a detailed report showing how young people use social media to solicit and sell illegal drugs, using P2P payment applications to facilitate the transactions.⁵ I am drafting legislation that would seek to identify the roles that these P2P applications play in these transactions, and determine how to best stop these sales from happening.

Housing

Since the COVID-19 pandemic, housing prices in Colorado have seen significant increases throughout the country, but particularly in Colorado. Despite interest rates rising nationally, we continue to see elevated prices for buying a new home. According to recent data from the Colorado Association of Realtors, September 2023 saw nearly 19 percent fewer new listings in Jefferson County, Colorado compared to September of last year⁶. Despite there being fewer properties, the median sales price in Jefferson County has increased more than 9 percent in that same time.

These dual challenges are preventing many young people, families, and even couples looking to downsize from selling their homes. My district also contains six rural mountain counties that have their own unique issues related to housing. These communities are close enough to the Denver area that they exploded in popularity and growth during the pandemic. This has left many residents unable to find appropriate housing in their community, instead relying on an aging housing stock that needs significant remediation work before it is safe to live in.

I encourage the Committee to explore legislation modernizing FHA loan limits, exploring the impact that restrictive zoning practices are having on housing prices, and ensuring that federal grant programs through HUD, FHFA, and FHA work for rural mountain communities like Leadville, Buena Vista, Salida, and Canon City.

³ <https://pettersen.house.gov/uploadedfiles/bills-118hr1076ih.pdf>

⁴ <https://www.congress.gov/bill/118th-congress/house-bill/2616?q=%7B%22search%22%3A%22%22%7D&s=3&r=15>

⁵ <https://coag.gov/press-releases/3-8-23/>

⁶ <https://car-co.stats.showingtime.com/docs/lmu/x/JeffersonCounty?src=page>

H.R. 5808, the Preventing Deep Fake Scams Act⁷

I have significant concerns regarding the use of artificial intelligence in the banking sector. Financial institutions already are using AI to identify fraud and protect consumers. However, the rise of deep fakes poses a true threat to the safety and security of customer accounts. Financial institutions are currently dedicating significant time and energy to ensuring the safety and security of accounts, but the rise in deep fakes must be addressed.

This is why I introduced the Preventing Deep Fake Scams Act with my friend and colleague Rep. Mike Flood. This bill would set up a federal task force to engage with industry and examine how artificial intelligence is used in the banking sector and how we can best ensure that consumers are not harmed in the banking industry.

Once again, I thank Chairman McHenry and Ranking Member Waters for the opportunity to testify before the Committee today.

⁷<https://pettersen.house.gov/news/documentsingle.aspx?DocumentID=412#:~:text=The%20Preventing%20Deep%20Fake%20Scams,poses%20to%20customer%20account%20security>.