



February 3, 2014

The Honorable Pete DeGraaf, Chairperson
House Committee on Financial Institutions
Statehouse, Room 459-W
Topeka, Kansas 66612

Dear Representative DeGraaf:

SUBJECT: Fiscal Note for HB 2525 by House Committee on Financial Institutions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2525 is respectfully submitted to your committee.

HB 2525 would amend the Kansas Money Transmitter Act to require the Office of the State Bank Commissioner to approve any changes in the control of a money transmitter license. The money transmitter would be required to apply at least 60 days before the acquisition is finalized. The bill defines control as the power directly or indirectly to direct management or policies of a person engaged in money transmission or to vote 25.0 percent or more of any class of voting shares of a person engaged in money transmission. Licensed money transmitters would be required to notify the Office of the State Bank Commissioner of any changes in the executive officer or directors within 30 days of any change. The bill would allow the new executive officer or director to be fingerprinting to verify the identity of the person and submit to a state and national criminal history record check. The bill would increase the amount of accounts receivable that would qualify as permissible investments of a money transmitter from 20.0 percent to 40.0 percent. The bill also includes clarifying language to protect the disclosure of confidential records relating to money transmitter licensees.

The Office of the State Bank Commissioner estimates HB 2525 would increase revenues to the Bank Commissioner Fee Fund by \$2,500 in FY 2015 and each future fiscal year. The agency indicates that it would review approximately five change of control applications each year and that it would charge each applicant \$500. Existing staff would be used to review and approve change of control applications and the revenue generated from the fee would be sufficient to cover the estimated costs of review. The provision of the bill that allows new executive officers or directors to be fingerprinting and submit to a state and national criminal history record check has the potential to increase costs for the Office of the State Bank Commissioner; however, the number of applicants that would be fingerprinting and submitted to a state and national criminal history record check cannot be estimated to make a precise estimate

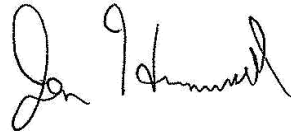
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of the fiscal effect. Any costs associated with fingerprinting and performing the state and national criminal history record check would be fully reimbursed by each applicant. The agency does not anticipate charging a fee for the notification of new executive officer of director. Any fiscal effect associated with HB 2525 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is fluid and cursive, with the first name "Jon" being more prominent than the last name "Hummell".

Jon Hummell,
Interim Director of the Budget

cc: Judi Stork, Banking
Linda Durand, KBI