



February 15, 2012

The Honorable Ruth Teichman, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Teichman:

SUBJECT: Fiscal Note for SB 372 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 372 is respectfully submitted to your committee.

Under current law, money transmitters are required to maintain an amount of permissible investments equal to the outstanding balance of payment instruments. SB 372 would amend the Money Transmitter Act to place additional restrictions on the types and amounts of permissible investments that a money transmitter would be required to maintain. The bill would allow the State Bank Commissioner to assess a license fee to each money transmitter on July 1 of each year based on the estimated budgetary needs for overseeing and enforcing the requirements of the Money Transmitter Act during the upcoming fiscal year.

The bill would add additional items to the list of prohibited behavior that the State Bank Commissioner could use to deny, suspend, revoke, or refuse to renew a money transmitter license. Under current law, the State Bank Commissioner has authority to revoke a license only under certain circumstances. The bill would provide the State Bank Commissioner with additional authority to issue fines up to \$5,000 per violation, issue cease and desist orders, require a person to pay restitution, or enter into a consent agreement. The State Bank Commissioner would also be authorized to file a claim against the money transmitter's surety bond for any outstanding fines, fees, or restitution payments that are due.

The Office of the State Bank Commissioner indicates that SB 372 would increase revenues to the State Bank Commissioner Fee Fund by \$40,670 in FY 2013. Under current law, the agency indicates that it will collect approximately \$64,330 in application fees from money transmitters in FY 2013 and these fees are deposited in the State Bank Commissioner Fee Fund. However, the agency indicates that the costs associated with enforcing the Money Transmitter Act are estimated to be \$105,000 for salaries and wages, travel costs, office space, equipment, and supplies. The bill would allow the agency to collect adequate fees to offset the costs of

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administering and enforcing the requirements of the Money Transmitter Act. The agency is unable to provide an estimate of the amount of additional revenue that would be generated from the new authority to issue fines; however, the amount of additional revenue is expected to be negligible. Any fiscal effect associated with SB 372 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson".

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Diane Bellquist, Banking