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MEMORANDUM

To: Chairman DeGraaf and members of the House Financial Institutions Committee

From: Matt Sterling, Assistant Revisor of Statutes

Date: March 14, 2013

RE: Senate Bill 139

SB 139 amends K.S.A. 2012 Supp. 9-508, 9-509, 9-510, 9-511, 9-513, 9-513c and 9-513d of the Kansas Money Transmitter Act. The bill would allow money transmitters to submit applications for licensure and allow the Bank Commissioner to request and receive licensure information and report violations of the law and other relevant information through a nationwide multi-state licensing system and registry. The bill also would revise and add definitions in the Act; clarify licensee activities, specifying when licensees are allowed to share agents; and authorize the Commissioner to adopt rules and regulations necessary to implement the Kansas Money Transmitter Act. The bill also makes technical amendments to the Act.

Section 1 of the bill would revise the definitions of "agent," "electronic instrument," "money transmission," and "permissible investments" and delete the term "stored value" used in the act. The bill also would add definitions for "licensee," "nationwide multi-state licensing system and registry," "resident," and "tangible net worth."

Section 2 of the bill would delete a requirement in current law requiring license fees to be due annually on July 1 and, instead, would provide licenses expire on December 31, annually. The bill would provide for the renewal and reinstatement of licenses and such applications would be required and at least 30 days prior to the expiration of the license and be accompanied by nonrefundable fees established by the Commissioner for the license and each agent location. The bill would require that the tangible net worth for applicants must be at least \$250,000, as shown by an audited financial statement and certified in the form and manner prescribed by the Commissioner.

Section 2 would also authorize the Commissioner to use a nationwide multi-state licensing system and registry for processing applications, renewals, amendments, surrenders, and any other activity the Commissioner deems appropriate. The Commissioner would be permitted to use the system and registry to: Request and distribute information regarding money transmitter licensing to and from any source; establish relationships or contracts with the system and registry entities to collect and maintain records and process transaction fees or other fees reasonably necessary to participate in the licensing system and registry; report violations of the law, as well as enforcement action and other relevant information; to require any applicant or licensee to file reports in the form prescribed by the Commissioner; and to request information from, and

Attachment 4
PIC 3-14-13