

SESSION OF 2017

SUPPLEMENTAL NOTE ON SENATE BILL NO. 21

As Amended by Senate Committee on Financial
Institutions and Insurance

Brief*

SB 21, as amended, would amend provisions of the Kansas Money Transmitter Act (KMTA). The bill would add a definition of “service provider” to mean any person providing services specified in continuing law (those that have a written agreement with banks, building and loan associations, savings and loan associations, savings banks, or credit unions to provide for receipt and delivery of funds, network access, processing, clearance, or settlement services in support of money transmission activities) used by an exempt entity or its agent to provide money transmission services to the exempt entity’s customers. The definition specifies a service provider does not contract with the customers of an exempt entity on its own or on behalf of an exempt entity or agent.

Additionally, the bill would require a late fee for renewal applications received between December 1 and 31 of each year; require a late fee for incomplete applications as of December 1 of each year; change a date relating to the reinstatement of expired licenses to the last day of February; and eliminate language basing the licensing fee on the number of agent locations.

Finally, the bill would authorize the State Bank Commissioner (Commissioner) to determine the completeness of any application submitted under the KMTA. The Commissioner would be required to take into consideration compliance with all application requirements

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

and any other facts and circumstances deemed appropriate by the Commissioner. The bill specifies an application would be considered abandoned and the application fee would not be returned if the applicant fails to complete the application for a new license or for a change of control of a license within 60 days after the Commissioner provides written notice of an incomplete application. The license would expire on December 31 if the applicant fails to file a complete renewal application on or before December 31 of that year. An abandoned application would not preclude an applicant from reapplying for licensure.

Background

The bill was introduced by the Senate Committee on Financial Institutions and Insurance at the request of the Office of the State Bank Commissioner (OSBC). At the Senate Committee hearing, a representative of the OSBC testified in favor of the bill, stating the bill would provide clarification and aid the OSBC in appropriately enforcing money transmitter licensure. No neutral or opponent testimony was provided.

The Senate Committee amended the bill to clarify further the definition of “service provider.”

According to the fiscal note prepared by the Division of the Budget, the OSBC indicates the costs associated with implementing the bill would be negligible and could be absorbed within the OSBC’s existing budget. The OSBC indicates enactment of the bill has the potential to increase revenues to the Bank Commissioner Fee Fund from late fees and from additional application fees from applicants whose original application has been abandoned; however, the additional revenues are estimated to be negligible.