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Governor Mike Dunleavy STATE OF ALASKA

March 23, 2022

The Honorable Louise Stutes
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Stutes:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the modernization of state money transmittal laws.

This bill would modernize Alaska's money transmission laws through adoption of pertinent sections of the Uniform Money Transmission Modernization Act (Model Law), which was developed by the Conference of State Bank Supervisors (CSBS) with input and participation from industry stakeholders. Among other changes, the proposed bill would amend the Uniform Money Services Act (AS 06.55) to allow regulation of transmission of virtual currency, eliminate currency exchange as a separate license type, and clarify regulation of payroll processing.

Adoption of this bill would allow the Department of Commerce, Community, and Economic Development (DCCED) to protect Alaskan consumers through regulation of virtual currency transmission. The Uniform Money Services Act was adopted in 2008 before internet-based fintech business models, virtual currencies and mobile phone applications were regularly in use. Today, virtual currency transmission accounts for over \$2.3 billion annually, nearly one-third of money transmission volume in Alaska. In 2021, it grew by 2,420 percent. Since 2019, it has grown 6,782 percent. Expanding the current law to include cryptocurrency will close a significant loophole, protect consumers, and ensure the safety and soundness of the businesses interacting with Alaskans. Recent and reasonably foreseeable geopolitical events make regulating virtual currency even more important.

Adoption of key components of the Model Law will also allow DCCED to coordinate with other states while more effectively utilizing state resources. This change would benefit licensees by adopting a standardized nationwide multistate licensing process.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure