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Governor Bill Walker STATE OF ALASKA

January 18, 2016

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

Dear Speaker Chenault:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to money services businesses and modernizing the statutes to reflect new forms of money, payment systems, and technology.

The bill would modify AS 06.55 related to money services businesses in order to update the aged money services businesses laws to recognize and support new means of money transmission, including the use of other values that substitute for money. Moreover, the proposed revisions would eliminate redundant or outdated references and practices. Due to the number of changes, the Alaska Uniform Money Services Act would become the Alaska Money Services Act.

Currently, AS 06.55 regulates money services businesses, which include money transmitters, issuers of traveler's checks, money orders, or stored value (prepaid cards), sellers or redeemers of traveler's checks, money orders or stored value, and currency exchangers.

A modernization of the existing AS 06.55 would ease access to reloading of prepaid cards to persons in rural Alaska that use these services and provide for the use of the Nationwide Multistate Licensing System and Registry (NMLS). The NMLS allows states to share important information about licensed money services businesses and their activity, and its use eases the application process for a money services business, both for licensing and subsequent filings, which allows the Department of Commerce, Community, and Economic Development (department) to more easily regulate licensees located within and outside of the state.

Additionally, the proposed revisions would allow for more effective examinations of money services businesses doing business in the state. The department would be able to respond quicker to complaints filed by the Alaska public against money services businesses by eliminating a lengthy pre-exam notification. The bill would establish higher bonding limits for licensees. Additionally, the language would clarify that all persons, licensed or not, that engage in money services are subject to daily penalties for violations of the Alaska Money Services Act. This would ensure that the State holds violators accountable and increases protection for consumers.

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Since its adoption in 2007, the money services business world has changed dramatically to include new technology and advanced means of transmitting funds between parties, including virtual currencies such as bitcoin. The proposed revisions would provide a new definition for “money transmission” that includes the transmission of other values that substitute for money. This broad definition would allow the department to continue its regulation of emerging payment systems and respond to potential violations of AS 06.55 quickly.

I urge your prompt and favorable action on this measure.

Sincerely,



Bill Walker
Governor

Enclosure