

ALASKA STATE LEGISLATURE

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REPRESENTATIVE ZACH FANSLER DISTRICT 38

Sponsor Statement House Bill 180 Alaska Money Services Act

“An Act relating to money transmission and currency exchange businesses...”

HB180 updates the State of Alaska money service business laws in AS 06.55 to recognize and support new means of money transmission, including the use of other values that substitute for money. Additionally, the proposed revisions would eliminate redundant or outdated references and practices. Due to the number of changes, the Alaska Uniform Money Services Act would be renamed the Alaska Money Services Act.

Currently, AS 06.55 regulates money service businesses, money transmitters, issuers of traveler’s checks, money orders, or stored-value (prepaid cards). Furthermore this statute covers sellers and redeemers of traveler’s checks, money orders or stored-value, and currency exchangers.

This bill provides for the use of the Nationwide Multistate Licensing System and Registry (NMLS). The NMLS allows states to share information about licensed money services businesses activity, and its use eases the application process for a money service business, both for licensing and subsequent filings, which allows the Department of Commerce, Community, and Economic Development (DCCED) to more easily regulate licensees nationwide. HB 180 also provides straightforward access to reloading of prepaid cards to individuals in the state that use these services.

Additionally, the proposed revisions would allow for more effective examinations of money service businesses doing business in the state. DCCED 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 greater 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 protections for consumers.

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 state statute quickly.