



June 3, 2025

Robin Imbrogno, SPHR, SHRM-SCP
Chair, Government Affairs
The Payroll Group
1 Glenlake Parkway, Suite 1200
Atlanta, GA 30328
robin@hr-consulting-group.com

Re: In support of excluding payroll providers from money transmitter laws

Dear Robin:

PayrollOrg agrees with The Payroll Group that payroll providers should not be classified as money transmitters. Money transmitters facilitate a broad spectrum of money movements between senders and recipients, including business payments. Payroll providers do not facilitate the movement of money. Instead, they specialize in managing transactional payments between their employer clients and employees, employers and third-party benefit companies, and employers and government entities, which defines them as payment processors not money transmitters.

About PayrollOrg

PayrollOrg is a nonpartisan, nonpolitical association representing over 20,000 payroll professionals who manage the payroll function for employers of all sizes and industries across the U.S. PayrollOrg is dedicated to advancing the payroll industry through education, advocacy, networking, and collaboration. PayrollOrg's Government Relations Task Force provides payroll professionals with the opportunity to partner with government to create efficiencies, open doors to new technologies, and provide opportunities for professional growth.

Explanation of Position

Agreements for Money Transmitter Services Versus Payroll Services. In money transmitter services, the transmitter is in the business of receiving money from a payer under an agreement to send the money to a recipient (e.g., sending money to a relative, paying for a product, etc.). Payroll providers do not form agreements with employers or employees to send money. Instead, they form agreements with employers to calculate employee wages in accordance with employer decisions and compliance with applicable federal, state, and local laws and regulations. As part of the employer-employee relationship, once wage amounts are determined, employers' financial institutions are given instructions regarding distribution to employees or employers' payroll funds go to payroll providers to distribute to employees. Payroll providers also offer services for

processing garnishments, child support, employment taxes, and other legal withholding, none of which apply to money transmitter requirements.

Possession of Funds. Money transmitter laws focus on the entities that have possession of funds for general use or profit. According to the U.S. Department of the Treasury, the federal “money services business” law applies to persons in the money transmitter business. Payroll providers temporarily hold the funds of employers for the sole purpose of distributing wages, benefits, employment taxes, and other legal withholding. They are not in the money transmission business. They do not issue, sell, and redeem money orders, cash checks, or exchange currency.

Crime Prevention. Money transmitter laws are designed to prevent money laundering, financial terrorism, bribery, and fraud through licensing and government oversight. Payroll processing, whether managed internally or outsourced, is already subject to extensive oversight laws and regulations to prevent crime. Payroll processors must comply with federal and state employment tax laws, wage and hour requirements, financial institution and banking laws, benefit mandates, anti-trust restrictions, and consumer protection and privacy laws. These laws include extensive transparency provisions with multiple reporting requirements to government agencies.

To discuss payroll management and these comments, please contact Alice Jacobsohn at 202-669-4001 or ajacobsohn@payroll.org.

Sincerely,



Alice P. Jacobsohn, Esq.
Director, Government Relations

For: Government Relations Task Force
Federal Issues Subcommittee
Cochairs Rebecca Harshberger, CPP; Mindy Mayo, CPP; and Jon Schausten, CPP

State and Local Topics Subcommittee
Cochairs Carlanna Livingstone, CPP; Bruce Phipps, CPP; and Alma Stewart, CPP

Alaska's Best Payroll Solution Inc.

Many payroll needs, one BEST solution!

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Information@alaskasbestpayroll.com



Public Testimony in Support of SB 86
Request for Clarification on Payroll Processing Exemption for Local Alaska Businesses

Dear Co-Chair Foster and members of the House Finance Committee,

My name is Yvonne Bogart, President of Alaska's Best Payroll Solution Inc. We are a locally owned and operated payroll processing company that has proudly served Alaska's business community for the last 50 years. We provide essential payroll services to hundreds of small and mid-sized Alaska businesses across the tourism, medical, hospitality, service, and repair sectors, etc. These clients rely on us to securely transmit employee wages, payroll taxes, employee benefit contributions, and authorized deductions. I am writing to express strong support for Senate Bill 86 (CSSB 86(FIN)), the Uniform Money Transmission Modernization Act. This legislation modernizes Alaska's outdated money transmission statutes, aligns them with the model act used by many other states, enables efficient multistate licensing through the Nationwide Multistate Licensing System (NMLS), addresses virtual currency activities, and strengthens consumer protections. We welcome these updates, which promote regulatory clarity, reduce duplicative oversight for compliant businesses, and better safeguard the funds of Alaska workers and employers.

The bill's inclusion of a specific exemption for payroll processing services (proposed AS 06.55.802) is especially welcome. It recognizes that companies like ours perform a narrow, essential ADMINISTRATIVE BUSINESS TO BUSINESS function: HELPING EMPLOYERS PAY EMPLOYEE'S. WHICH IS SIGNIFICANTLY DIFFERENT THAN THE OTHER BUSINESS TO CONSUMER TRANSACTIONS OUTLINED IN MOST OF THIS BILL.

As a 50-year Alaska business deeply embedded in our local economy, we respectfully WOULD LIKE TO PROVIDE further clarification IF PAYROLL PROCESSING WAS INCLUDED IN THE BILL'S PASSAGE.

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Potential impacts ON LOCAL PROVIDERS:

Many small Alaska businesses — particularly in rural or specialized sectors — depend on trusted local professionals (payroll processors, bookkeepers, and CPAs) to handle payroll transmissions on their behalf. These professionals often manage the secure movement of wages, tax withholdings, and benefits as part of comprehensive accounting or bookkeeping services.

- Increased compliance costs and administrative burdens could be passed on to small Alaska employers, making payroll services more expensive or harder to obtain. Costs to obtain a license for Money transmission whether you are Paypal or a Local CPA firm processing payroll are the same.
- Local CPA's, Bookkeepers and Payroll companies will no longer be able to remain employers of choice for our Alaskan Businesses.
- Our local businesses become an easy sale for larger national providers, with no competitive value.

We've been transmitting employee wages and taxes for over 50 years, with a strong record of accuracy and security. We strongly believe the intent of SB 86 is to modernize regulation without burdening these vital local services. Explicit clarification — confirming that payroll processors, bookkeepers, and CPAs acting strictly within the defined IRS scope (wages, taxes, benefits, and authorized deductions under written employer contracts) are exempt — would prevent these unintended consequences and reinforce the bill's goal of balancing strong consumer protections with a practical, business-friendly environment for Alaska's economy.

We urge the Committee to advance SB 86 with the current exemption for our industry. This would provide much-needed certainty to the many small businesses and professional service providers who keep Alaska's workforce paid on time. Please see the attached letter from the largest Payroll Association in the World – Payroll.org (formally the American Payroll Association) who supports our position.

Thank you for the opportunity to testify and for your continued service to the people of Alaska.

Sincerely,

Yvonne Bogart
President
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April 10, 2026

The Honorable Neal Foster, Co-Chair
The Honorable Andy Josephon, Co-Chair
House Committee on Finance
State Capitol
Terry Miller Building
Juneau, AK 99801-1182

RE: SB 86 An Act relating to the business of money transmission.

Dear Co-Chairs Foster, Josephson and Members of the Committee:

On behalf of TechNet, I am writing in support of SB 86, which would modernize Alaska's money transmission framework by replacing the existing *Money Transmission Services Act* with an updated, more coordinated regulatory regime.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet's diverse membership includes more than 100 dynamic American businesses ranging from startups to the most iconic companies on the planet and represents five million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance.

Modernizing state money transmission laws is increasingly important as consumer and business payments continue to evolve, with more products and services operating across multiple states. A consistent and modernized approach to money transmission regulation helps avoid conflicting requirements that can create unnecessary uncertainty and compliance burden — costs that ultimately show up for consumers and can deter new market entrants and product innovation.

SB 86 is designed to address these issues directly. The bill provides for coordinated state regulation, licensing, and supervision to eliminate unnecessary burden and better utilize regulator resources; protects the public from financial crime; standardizes which activities are subject to licensing; and modernizes safety and soundness requirements so customer funds are protected while supporting innovative and competitive business practices.

SB 86 also advances practical multistate efficiency and supervisory coordination. The bill authorizes the Department of Commerce, Community, and Economic Development to implement licensing provisions consistently with other states, participate in multistate licensing processes, and utilize the Nationwide Multistate Licensing System & Registry for core licensing and supervision functions, including applications, acquisitions-of-control,

surety bonds, reporting, background checks, fee processing, and examinations. It further authorizes coordination with other regulators and use of shared resources and examination outputs, as well as participation in multistate supervisory processes to minimize regulatory burden.

Finally, SB 86 includes key consumer-protection and safety-and-soundness mechanisms that help ensure obligations to customers are backed by appropriate financial safeguards, including requirements related to surety bonding and maintenance of permissible investments. The bill also reinforces that licensees and authorized delegates must comply with applicable federal and state anti-money laundering requirements.

For these reasons, TechNet respectfully urges the Committee to report SB 86 favorably. We appreciate your consideration of our perspective.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rose Feliciano', with a long horizontal line extending to the right.

Rose Feliciano
Executive Director
Washington + Northwest

April 9, 2026

**The Honorable Neal Foster, Andy Josephson, & Calvin Schrage
Co-Chairs of the House Finance Committee
Alaska State Capitol
120 4th St, Juneau, AK 99801**

Re: Comments in Support of SB 86 – Money Transmission Modernization Act

Dear Chair Foster, Chair Josephson, Chair Schrage, and Distinguished Members of the Committee,

On behalf of the Electronic Transactions Association (“ETA”), the leading trade association for the payments industry, we appreciate the opportunity to provide the comments below in strong support of SB 86 related to adopting money transmission modernization standardization for the state of Alaska.

ETA strongly supports the passage of SB 86 which incorporates the Conference of State Bank Supervisors (“CSBS”) Model Money Transmission Modernization Act (“Money Transmitter Model Law”) into Alaska law. We commend the work of CSBS in bringing together regulators and other stakeholders to develop a uniform, nationwide framework for the regulation of money transmission businesses. Through harmonized standards, the Money Transmitter Model Law will:

1. Facilitate enhanced, coordinated supervision of money transmission businesses.
2. Reduce barriers to entry and compliance costs of critical financial services created by disparate and sometimes conflicting state laws and regulations.
3. Further protect consumers and small businesses through safe, trustworthy, and clear standards for companies and regulators.

Uniform, and comprehensive adoption of the Model Law and regulations will ensure that customers are protected in the same fashion, and payments companies are regulated in the same fashion, across all jurisdictions. It would create a robust single, national standard for customer protections, clarify and standardize definitions of regulated activity and related key elements of regulation, and streamline states’ ability to license and examine money transmitters through the Nationwide Multistate Licensing System. With 99.8% of the \$4.9 Trillion in reported money transmission volume in 2021 being transmitted by companies licensed in multiple states, uniform adoption of the Model Law would allow businesses to focus on risk detection and consumer protections, while decreasing burdens of State caseloads, and preserving licensing and supervisory efforts.

CSBS recently reported that the boom in fintech payments providers has resulted in the number of money transmitters operating nationwide (licensed in 40 or more states) more than doubling since 2015. Considering the substantial increase in the volume of regulation and oversight required as this industry continues to expand, standardization will be a benefit to regulators in managing workloads more efficiently.

Uniform adoption of the Model Law is critical to protecting users, maintaining U.S. competitiveness, and supporting regulator efficiency. Therefore, ETA supports SB 86 because it would align regulation of money transmission in Alaska with the Model Law that is being adopted in states across the nation.

We appreciate you taking the time to consider these important issues. If you would like to discuss any aspect of our comments, please contact me.

Respectfully Submitted,

Christy Ellerbee
VP of State Government Relations
Electronic Transactions Association
202.677.7714 | cellerbee@electran.org