



SENATOR JESSE KIEHL

SB 86: Money Transmission; Virtual Currency

Sponsor Statement

Cryptocurrency transactions have exploded in number and value in recent years. While many Alaskans are doing well, others have lost tens of millions of dollars' worth of value in recent cryptocurrency exchange collapses. Alaska has basic safety and soundness laws for businesses that transmit money electronically, but they were written in 2007, before cryptocurrency existed. So Alaskans today don't often know if a business holding and moving their assets is one that gets a basic check-up by the state, or one that can operate with no rules.

SB 86 modernizes our laws to protect Alaskans, keep a lid on red tape, and let our state cooperate with others for maximum efficiency.

The bill transitions Alaska to a new model law developed jointly by the Conference of State Bank Supervisors and industry groups. Already adopted by 22 states, it will apply to both cash and crypto and will 1) license money services businesses to keep fraudsters out of the corporate office, 2) examine the books to make sure they have enough money or crypto to cover what customers entrust to them, and 3) prevent diversion of customers' assets.

The federal government leaves this job to the states, so SB 86 lets Alaska regulators collaborate with colleagues from other states and use modern tools like the Nationwide Multistate Licensing System and Registry to increase efficiency and reduce costs. But it does not double-regulate businesses like banks or brokerages that already have safety rules to follow.

The bill also updates fees for money service businesses. Today, multinational money transmitters and Alaska mom-and-pop establishments pay the same 'one-size-fits all' license fees. SB 86 will ramp the charge up or down based on volume so it's not a barrier to new businesses. Importantly, SB 86 protects Alaskans' assets without regard to technology, so the next innovation in value can flourish just as safely as the ones we have today.