



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

**ALASKA UNIFORM MONEY TRANSMISSION  
MODERNIZATION ACT  
SB 84 / HB 86**

Robert H. Schmidt, Director  
Division of Banking and Securities

Senate Finance Committee  
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# What does this bill do?

- This bill is a generational update to financial laws to accommodate new technologies and ensure uniformity.
- This bill is based on the Uniform Money Transmission Modernization Act (Model Law), which was developed by state regulators, the Conference of State Bank Supervisors (CSBS), with input and participation from industry stakeholders.
- Reduces regulatory burden by streamlining licensing, renewal, and examinations.
- Protects Alaska consumers by conducting criminal background checks through the Nationwide Multistate Licensing System (NMLS).
- Broadens the definition of money transmission and defines virtual currency activities.
- Ensures DBS can coordinate with other states in all areas of regulation, licensing, and supervision to reduce regulatory burden on the industry and more effectively utilize regulator resources.



# Background

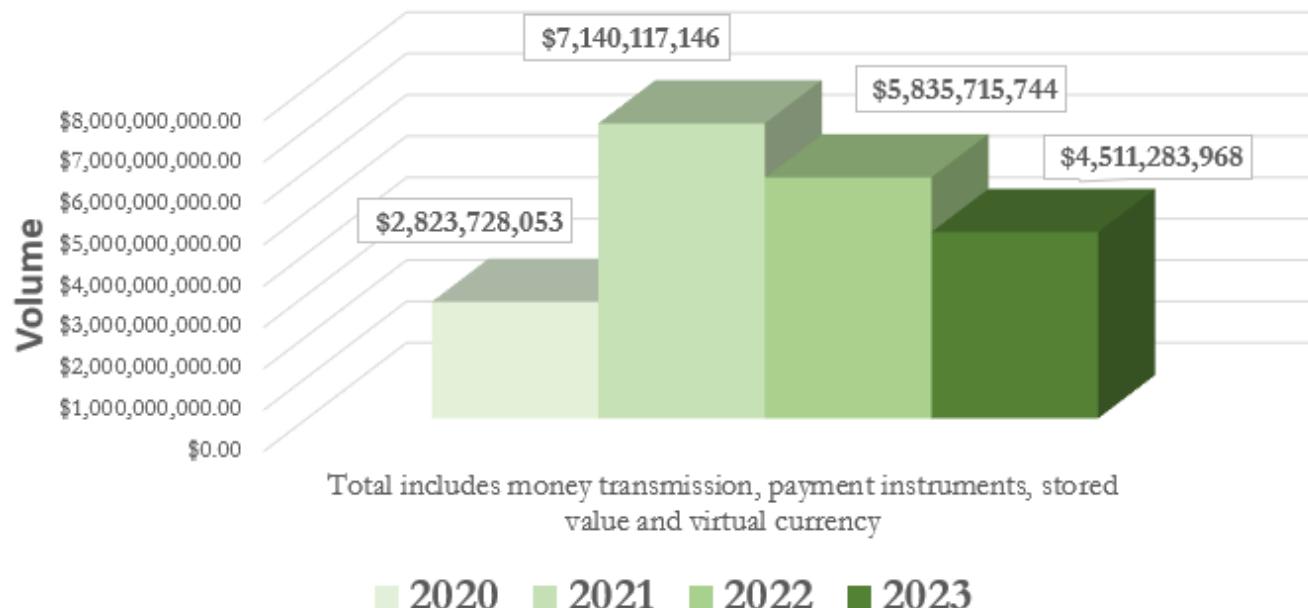
**This legislation amends and modernizes the Alaska Uniform Money Services Act (AS 06.55) and adopts pertinent sections of the Uniform Money Transmission Modernization Act (Model Law).**

- In 2008, money transmission was sending a wire transfer at your local grocery store or purchasing a money order or traveler's checks at the bank.
- This bill will modernize Alaska's money transmission laws to include cryptocurrency (aka "virtual currency," Bitcoin, Ethereum, DogeCoin).
- Effective January 1, 2023, DBS adopted regulations to include crypto in current law as an interim solution.
- As of January 31, 2024, eighteen states have enacted bills with all or parts of the Model Law. The Model Law is pending before ten legislatures.



# Money Transmission Volume

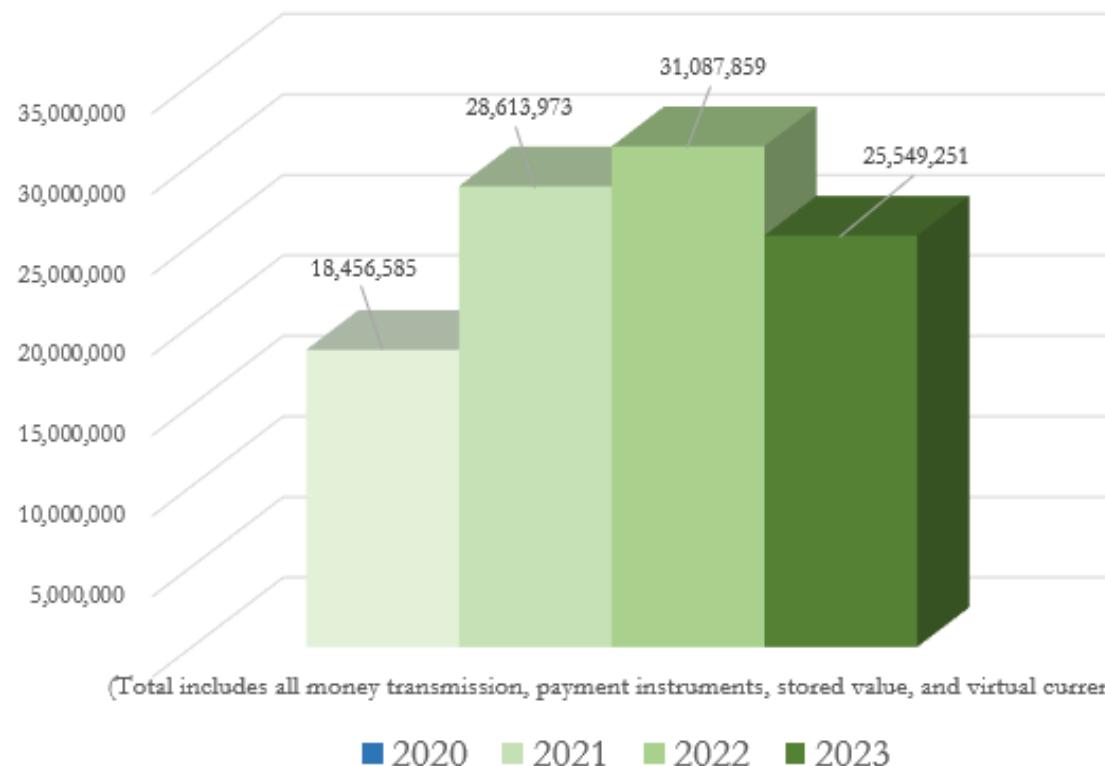
## Annual Alaska Money Transmission Volume





# Alaska Money Transmission Transactions

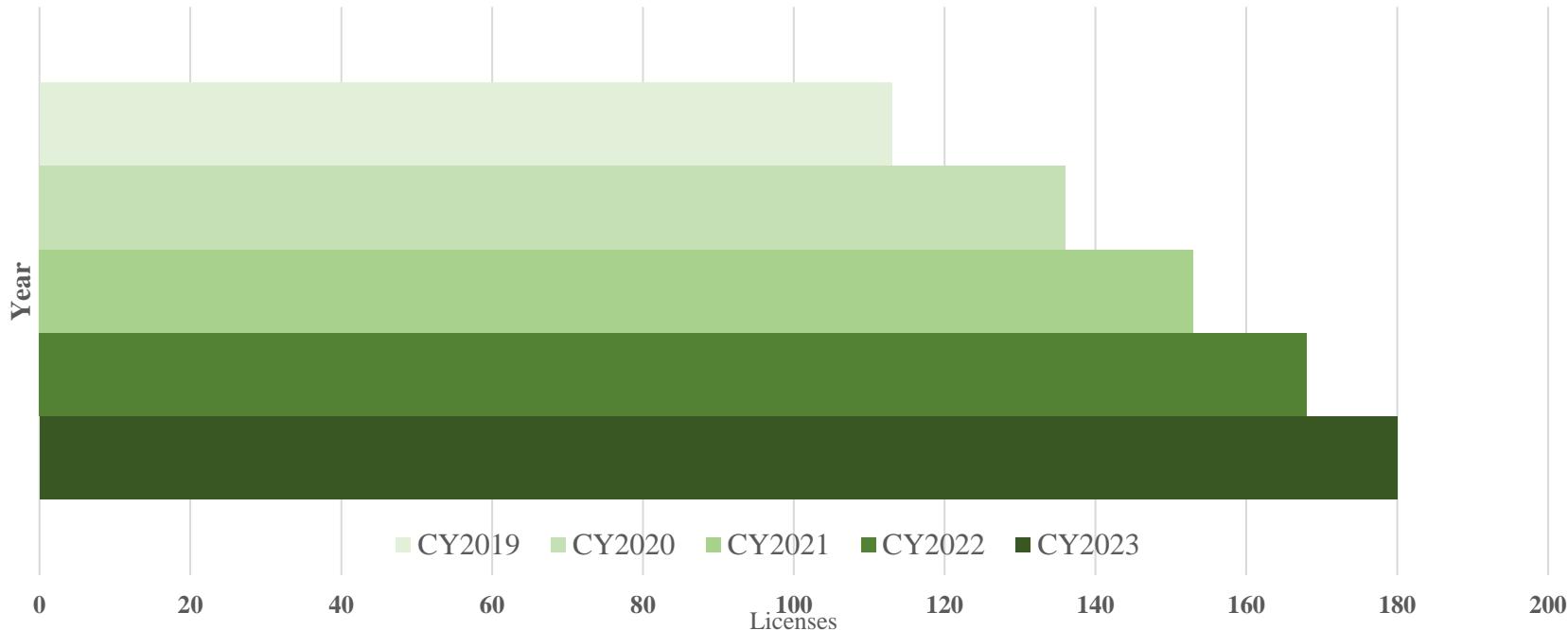
## Total Number of Transactions during Calendar Year





# Money Transmission Licensees

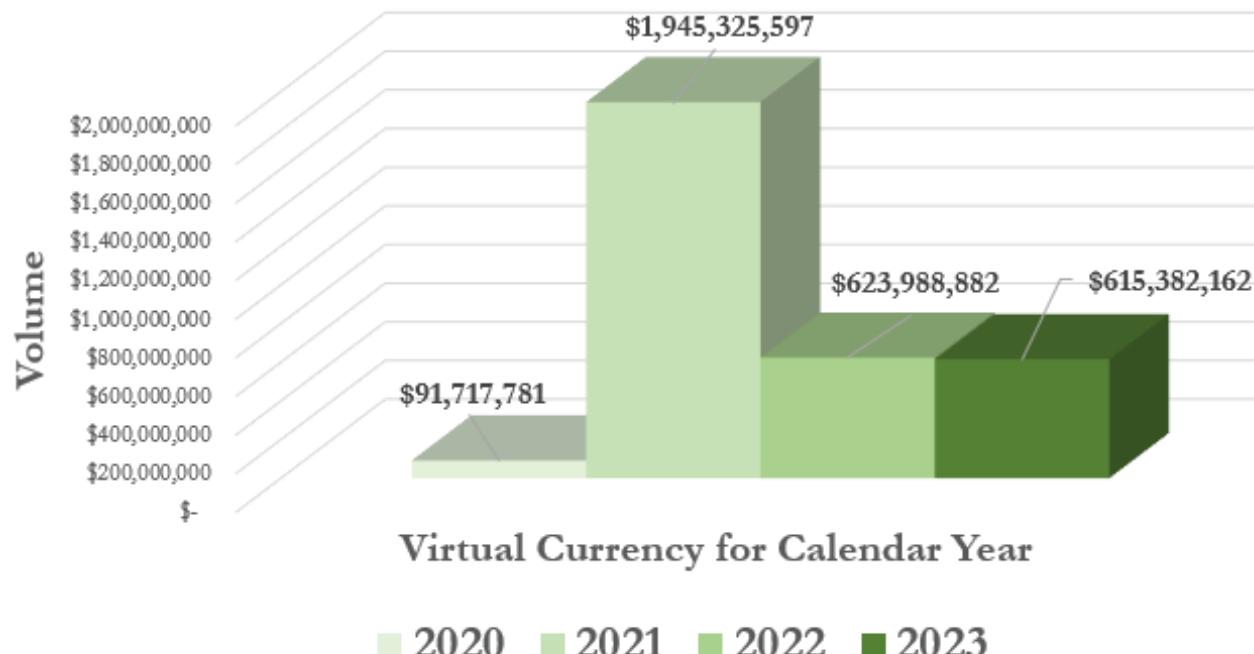
CY2019	CY2020	CY2021	CY2022	CY2023
113	136	153	168	180





# Money Transmission Volume – Virtual Currency

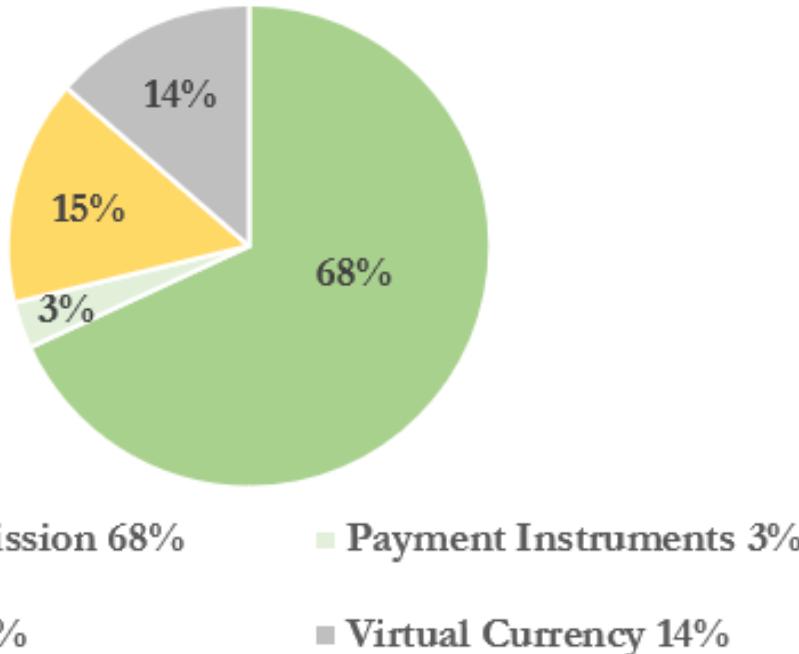
Virtual currency transmission was nearly 1/3 of total volume in Alaska in 2021





# What types of transmissions happen in Alaska?

## 2023 Money Transmitted Based on Value





# Fee Modernization Examples - Ohio

OHIO	OHIO	This amount	Plus	Of excess over
\$ Transaction	\$ Transaction			
Volume	Volume			
Over	But not over			
\$0	\$7,999,999	\$3,400		
\$8 million	\$15,999,999	\$4,200	0.0001	\$8 million
\$16 million	\$29,999,999	\$5,800	0.000114286	\$16 million
\$30 million	\$59,999,999	\$8,100	0.000076667	\$30 million
\$60 million	\$119,999,999	\$11,800	0.000061667	\$60 million
\$120 million	\$349,999,999	\$16,300	0.000019565	\$120 million
\$350 million	\$849,999,999	\$21,800	0.000011	\$350 million
\$850 million	-----	\$29,800*	0.00000704	\$850 million

\* If fee is greater than \$42,000 then the fee is \$42,000.



# Fee Modernization Examples - Texas

## TEXAS

The filing fee of \$10,000 for a money transmission license must be paid in NMLS

<u>Annual Assessment</u>	
If the total dollar amount of your annual transactions is:	Then your annual assessment is:
Over --	But not over --
-----	\$249,999.99
\$250,000.00	\$499,999.99
\$500,000.00	\$999,999.99
\$1,000,000.00	\$9,999,999.99
\$10,000,000.00	\$24,999,999.99
\$25,000,000.00	\$49,999,999.99
\$50,000,000.00	\$199,999,999.99
\$200,000,000.00	-----

\$2,750.00

\$2,750.00 plus the amount of your transactions over \$250,000 multiplied by a factor of .00235

\$3,350.00 plus the amount of your transactions over \$500,000 multiplied by a factor of .00175

\$4,250.00 plus the amount of your transactions over \$1 million multiplied by a factor of .000115

\$5,250.00 plus the amount of your transactions over \$10 million multiplied by a factor of .0000835

\$6,250.00 plus the amount of your transactions over \$25 million multiplied by a factor of .0000735

\$7,950.00 plus the amount of your transactions over \$50 million multiplied by a factor of .00001155

\$9,150.00 plus the amount of your transactions over \$200 million multiplied by a factor of .00001125, but not more than \$21,250.00.



# Why regulate money transmission at all?

- 55 states and U.S. territories regulate money transmission currently.
- Industry wants this bill adopted.
- No industry stakeholder or state regulator wants federal pre-emption.
- DBS is uniquely qualified to protect Alaskans.
- States have licensed and regulated transmitters of money for over 100 years.
- States have the expertise and examination infrastructure that the feds completely lack. States are able to pivot and react more quickly as events transpire.



# Fiscal Impact

- Receipts in FY2013 were \$12.9 million. The FY2012 budget was \$3.58 million.
- Receipts in FY2023 were \$22.4 million. The FY2023 budget was \$4.32 million.

The fiscal note for this position includes five full-time positions with the passage of this bill: three in FY2025 and two in FY2026. The operating expenditures for DBS for the added personnel are estimated to be \$496,100 in FY2025 increasing to \$787,400 in FY2026.

DBS anticipates revenue from a new volume based annual fee assessment, created by regulation, will cover all costs of supervision of the industry and additional staffing.



# Why this is bill important?

## This bill will:

- Protect Alaska consumers
- Reduce regulatory burden
- Adopt a Model Law that industry drafted with state regulators
- Prevent federal pre-emption by creating uniform statutes across the country
- Allow the division to have the ability to update fees and activities that require a license in regulation to keep up with technology and innovation with this ever-evolving financial industry

**In 2023, Alaskans sent or received over 25 million money transmission transactions worth \$4.5 billion most of them involving technology that did not exist when the current law was written.**



# Thank You

## Questions?

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### **Division of Banking and Securities' mission:**

Protect consumers of financial services and promote safe and sound financial systems

### **Supporting DCCED's mission to:**

Promote a healthy economy, strong communities, and protect consumers in Alaska