



ALASKA STATE LEGISLATURE

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Summary of Changes

CSHB 408 (L&C) Version A to Version B

Technical changes were made throughout the CS to bring the bill in line with the legislature's drafting style and for clarity. Examples include replacing "any" with "an", "a" with "the", a plural word with the singular, and reordering phrases for clarity. Under AS 01.10.050, which applies to all statutes, the singular includes the plural, and the plural includes the singular. References to private organizations have been replaced with organizations that the department selects as directed by the bill. Substantive changes are addressed below.

Page 1, line 10; added "amending Rules 79 and 82, Alaska Rules of Civil Procedure" to the title of the bill.

Section 1

Page 2, line 8; adds "for money transmission" to the end of the purpose of the act.

Section 2

Page 2, line 14; replaces "of a person who holds a license" by "licensee".

Page 2, line 19; includes section (b) of AS 06.55.101, that a license is not transferrable or assignable.

Section 3

Page 2, lines 23-26; combines subsections (1) and (2) regarding the form, medium, and content of an application as determined by the department.

Page 3, line 1; the department is not allowed to waive subsection (5) "a surety bond or other security as required by AS 06.55.505" or permit other information in place of this information in the application.

Page 3, line 3; AS 06.55.102 subsection (c) is removed because the department already has the authority to establish the application form and to require other information.

Section 4

Page 4, line 14; add clarifying language that appeals should be directed to the department.

Page 4, lines 23-24; inserts a new subsection (h) that the applicant must meet the requirements of the chapter.

Section 6

Page 5, lines 9-13; technical changes were made to clarify that a licensee shall always meet the requirements of the chapter. If not, the department may suspend or revoke the license in accordance with this chapter or other applicable law.

Page 5, line 14 – page 6, line 9; Section 06.55.109 has been reorganized for clarity. Criminal background check language in subsection (a)(1), page 5, lines 18-20, has been adjusted to the more usual way to handle fingerprinting. The background check has been added to AS 12.62.400(a), included in Section 63 of this bill on page 53, line 1 – page 54, line 31.

Page 5, line 31; replaces when an individual must additionally provide an investigative background report if they have resided outside the U.S. from “at any time in” to “for four or more of” the last ten years.

Section 7

Page 7, line 15 – page 13, line 11; updates and reorganizes sections under AS 06.55, including
Section 06.55.150, previously 06.55.206
Section 06.55.155, previously 06.55.207
Section 06.55.160, previously 06.55.208
Section 06.55.165, previously 06.55.209
Section 06.55.170, previously 06.55.205

Page 9, lines 20-22; adds additional disclaimers that “persons are not required to take payment in virtual currency, the value of virtual currency can change, and that virtual currency may not be backed by a government agency.”

Page 10, line 17; for permissible investments considered under subsection (4), replaces “this chapter” with “AS 06.55.502”.

Page 11, line 15; clarifies that licensees are required to maintain a record of the reports submitted under AS 06.55.403.

Page 13, line 11; definitions for “virtual currency”, “virtual currency business activity”, and “virtual currency exchange” that were previously included in this section have been added to the definitions section under AS 06.55.990 or more appropriate locations in the bill.

Section 8

Page 15, lines 2-3; adds a new subsection (f) that subdelegates cannot be used to conduct money transmission on behalf of a licensee and renumbers the next subsection.

Section 10

Page 15, line 18; adds “examination; investigation” to the subsection title.

Section 11

Page 16, line 20; replaces “the fiscal quarter” with “each quarter of the calendar year”.

Section 12

Page 17, line 2; replaces “the fiscal quarter” with “each quarter of the calendar year”.

Section 13

Page 17, line 27; clarifies Bankruptcy Code as 11 U.S.C 101-112.

Section 15

Page 18, line 17; replaces subsection title “Acquisition of control” with “Control; acquisition; passive investor.”

Page 19, lines 9-10; updates language to clarify the period referenced is “for approving or denying an application under (d) of this section.”

Page 21, lines 23 and 26; replaces “AS 06.55.506” with “AS 06.55.510” due to reorganization of the bill. The content of the referenced subsection remains the same.

Page 22, lines 11-23; inserts language that a passive investor is not considered to have control under this chapter and defines a passive investor, which was previously included in the definitions section at the end of the bill.

Section 18

Page 23, line 15; directs reports to be filed to the “appropriate federal agency”.

Section 19

Page 22, line 22; adds subsection (f) as an exemption to confidential information.

Section 24

Page 25, lines 12 and 14; replaces “fiscal” with “calendar.”

Section 29

Page 33, line 6; deletes a subsection related to requirements for a letter of credit.

Page 33, line 30 – page 34, line 6; adds definitions for “eligible rating” and “eligible rating service”, which were previously in the definitions section at the end of the bill.

Section 30

Page 35, line 5; lowers the minimum net worth that licensees are required to maintain to \$35,000.

Section 39

Page 38, line 11; removes changes to AS 06.55.606 subsection (a) from the bill to avoid the use of the word “such” and instead use more specific wording.

Section 44

Page 39, lines 27-30; inserts additional institutions that are exempt from the chapter.

Section 47

Page 43, line 31 – page 44, line 1; inserts a definition for “mobile application”.

Section 48

Page 44, lines 3-9; inserts a new section on determining whether the person requesting the transaction is in this state.

Section 49

Page 44, line 27; adds a new subsection (9) to include an exchange rate on the receipt.

Page 45, line 2; removes subsection (d)(1), such that the section does apply to money received for transmission subject to 12 C.F.R. Part 1005, Subpart B.

Section 51

Page 46, line 17; removes previous section 50 that amended AS 06.55.845 related to disclosures for payroll processing services.

Section 54

Page 47, lines 3-7; adjust the definition of “control” to avoid having the defined term in the definition and to clarify the definition.

Section 55

Page 47, lines 22-23; inserts “engaging in virtual currency exchange” and “engaging in virtual currency business activity” under the definition of “money transmission.”

Page 47, line 26; removes previous section 55, which changed the definition of “money transmission license”

Section 61

This section is reorganized to list new definitions alphabetically.

Page 50, line 10; inserts a definition for “license”

Page 50, lines 12-14; inserts a definition for “money received for transmission”

Page 51, line 3; removes the definitions for “payroll processing services” and “receiving money for transmission”

Section 63

Page 53, line 1 – page 54, line 31; adds a new section related to the criminal background check required for licensees under AS 06.55.

Section 64

Page 55, lines 2-4; adds AS 06.55.406(b), 06.55.990(16), and 06.55.990(17) to the list of repealed statutes in this bill.

Section 65

Page 55, lines 5-9; adds a new section regarding indirect court rule amendment. The change to AS 06.55.605 changes Rules 79 and 82, Alaska Rules of Civil Procedure, relating to the award of court costs and attorney fees.

Section 67

Page 55, line 24; removes previous section 66 related to payroll processors.

Section 68

Page 55, line 30; removes revisor’s instructions.

Section 69

Page 55, line 31 – page 56, line 4; adds the conditional effect related to court rules change under section 65.