

ALASKA STATE LEGISLATURE
SENATE JUDICIARY STANDING COMMITTEE

May 5, 2023

1:55 p.m.

MEMBERS PRESENT

Senator Matt Claman, Chair
Senator Jesse Kiehl, Vice Chair
Senator James Kaufman
Senator Cathy Giessel

MEMBERS ABSENT

Senator Löki Tobin

COMMITTEE CALENDAR

SENATE BILL NO. 84

"An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

- MOVED CSSB 84(JUD) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 84

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

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|----------|-----|-----------------------------------|
| 02/24/23 | (S) | READ THE FIRST TIME - REFERRALS |
| 02/24/23 | (S) | L&C, JUD, FIN |
| 03/06/23 | (S) | L&C AT 1:30 PM BELTZ 105 (TSBldg) |
| 03/06/23 | (S) | Heard & Held |

03/06/23 (S) MINUTE(L&C)
03/27/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/27/23 (S) Heard & Held
03/27/23 (S) MINUTE(L&C)
03/31/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/31/23 (S) Moved SB 84 Out of Committee
03/31/23 (S) MINUTE(L&C)
04/03/23 (S) L&C RPT 4DP 1NR
04/03/23 (S) DP: BJORKMAN, DUNBAR, BISHOP, GRAY-
JACKSON
04/03/23 (S) NR: MERRICK
04/21/23 (S) JUD AT 1:30 PM BUTROVICH 205
04/21/23 (S) Heard & Held
04/21/23 (S) MINUTE(JUD)
05/01/23 (S) JUD AT 1:30 PM BUTROVICH 205
05/01/23 (S) Heard & Held
05/01/23 (S) MINUTE(JUD)
05/05/23 (S) JUD AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Lizzie Kubitz, Staff
Senator Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Explained the changes between version A and version B of SB 84.

ACTION NARRATIVE

[1:55:23 PM](#)

CHAIR MATT CLAMAN called the Senate Judiciary Standing Committee meeting to order at 1:55 p.m. Present at the call to order were Senators Kiehl, Kaufman, Giessel and Chair Claman.

SB 84-MONEY TRANSMISSION; VIRTUAL CURRENCY

[1:55:58 PM](#)

CHAIR CLAMAN announced the consideration of SENATE BILL NO. 84 "An Act relating to the business of money transmission; relating to money transmission licenses, licensure requirements, and registration through the Nationwide Multistate Licensing System and Registry; relating to the use of virtual currency for money transmission; relating to authorized delegates of a licensee; relating to acquisition of control of a license; relating to record retention and reporting requirements; authorizing the Department of Commerce, Community, and Economic Development to

cooperate with other states in the regulation of money transmission; relating to permissible investments; relating to violations and enforcement of money transmission laws; relating to money transmission license exemptions; relating to payroll processing services; repealing currency exchange licenses; and providing for an effective date."

He noted that this was the third hearing and there was a committee substitute (CS) for the committee to consider.

[1:56:16 PM](#)

LIZZIE KUBITZ, Staff, Senator Matt Claman, Alaska State Legislature, Juneau, Alaska described the changes between version A and version B of SB 84.

Version 33-GS1312\B of Senate Bill 84 is based on recommendations made by the Division of Banking & Securities and changes offered by Senator Kiehl's office. There are three changes.

The first change has to do with controlling interests. It changes "25 percent" to "10 percent" to conform to other controlling interest guidelines. This change is seen on page 22, line 3, and page 47, lines 9 and 11.

The second change has to do with money transmission coverage. On page 47, line 28 it changes "from a person located in this state" to "to the state, from the state, or within the state." This protects consumers sending or receiving money as long as one end of the transmission is in the state.

And finally, Legislative Legal asked to make conforming changes to the bill. One notable change made by Legislative Legal is an indirect court rule amendment found on page 53, lines 23 through 27. This relates to changing the award of court costs and attorney fees in certain cases—a conforming change made on page 38 line 20 of the bill.

CHAIR CLAMAN listed the individuals available online to respond to questions.

[1:58:46 PM](#)

SENATOR KIEHL moved to adopt the committee substitute (CS) for SB 84, work order 33-GS1312\B, as the working document.

CHAIR CLAMAN found no objections version B was adopted.

[1:59:20 PM](#)

SENATOR KIEHL asked Chair Claman how to proceed with his amendments.

CHAIR CLAMAN asked him to introduce each Conceptual Amendment separately.

[1:59:34 PM](#)

SENATOR KIEHL moved to adopt Conceptual Amendment 1 to CSSB 84.

CONCEPTUAL AMENDMENT 1

BY SENATOR KIEHL

Page 9, Line 20:

Following "is not money" insert ",that other persons are not required to take payment in virtual currency, that the value of virtual currency can change, and that virtual currency may not be backed by a governmental agency"

CHAIR CLAMAN objected for purposes of discussion.

SENATOR KIEHL stated that Conceptual Amendment 1 restores language from the root bill. He noted that the amendment applied to a section governing a customer relationship with a cryptocurrency company including the initial policies that must be established or disclosed. He noted that Conceptual Amendment 1 restores the specificity of cryptocurrencies in the bill language.

CHAIR CLAMAN referred to the redline version of the bill. He pointed out the bottom of page 9, paragraph (9). He said the language Legislative Legal Services removed was reinstated.

SENATOR KIEHL concurred.

[2:01:31 PM](#)

CHAIR CLAMAN removed his objection; finding no further objection, Conceptual Amendment 1 was adopted.

[2:01:56 PM](#)

SENATOR KIEHL moved to adopt Conceptual Amendment 2 to CSSB 84.

CONCEPTUAL AMENDMENT 2

BY SENATOR KIEHL

Page 40, Line 6:

Following "United States;" insert "an institution regulated by the Farm Credit Association; or a subsidiary or affiliate of a financial institution, if the subsidiary or affiliate is owned and controlled by a depository institution and regulated by a federal banking agency; in this paragraph, "federal banking agency" means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the director of the Office of Thrift Supervision, the National Credit Union Administration, and the Federal Deposit Insurance Corporation;"

CHAIR CLAMAN objected for purposes of discussion.

SENATOR KIEHL explained the Conceptual Amendment 2. He directed attention to Section 43 that addresses the state and the money services business. He referred to a long list of federal agencies that are monitored by the federal government. The institutions were removed from the bill without remaining language to cover them. He opined that the legislation should be specified as the original bill text does.

CHAIR CLAMAN commented that Conceptual Amendment 2 restores the language deleted on the redline version, page 41, lines 12-19.

CHAIR CLAMAN removed his objection; finding no further objection, Conceptual Amendment 2 was adopted.

[2:03:22 PM](#)

SENATOR KIEHL moved to adopt Conceptual Amendment 3 to CSSB 84.

CONCEPTUAL AMENDMENT 3

BY SENATOR KIEHL

Page 45, Line 9:

Following "for transmission" insert "subject to 12 C.F.R. Part 1005, Subpart B;

(2) money received for transmission"

Page 45, Line 10:

Delete "; or"

Page 45, Line 11:

Delete "(2)"

Insert "(3)"

Page 45, Line 15:

Following "by the payee" insert ";

(4) an individual consumer transferring funds to reload stored value to the consumer's account through a point of sale transaction; or

(5) stored value transactions exempted by the department by regulation or order"

CHAIR CLAMAN objected for purposes of discussion.

SENATOR KIEHL explained that Conceptual Amendment 3 addressed Section 48 and reinstated language in the original bill version. The amendment addressed receipt requirements for every transaction. The amendment reinstates the reference to a code of federal regulations in the Consumer Financial Protection Bureau laws. The amendment also addresses language about reloading stored value transactions. He stated that a stored value card is used repeatedly and incurs different needs, receipts and disclosures to the consumer.

CHAIR CLAMAN referred to the redline version pages 46-47. The amendment restores the language that was deleted from the original bill.

CHAIR CLAMAN removed his objection; finding no further objection, Conceptual Amendment 3 was adopted.

[2:05:26 PM](#)

SENATOR KIEHL moved to adopt Conceptual Amendment 4 to CSSB 84.

CONCEPTUAL AMENDMENT 4

BY SENATOR KIEHL

Page 47, Line 2:

Insert *Sec. 52. AS 06.55.850 is amended by adding a new subsection to read:

(f) An annual renewal fee must be based on a licensee's total volume of money transmission in this state, calculated in dollars or dollar equivalents."

[2:06:01 PM](#)

CHAIR CLAMAN informed the committee and the public that the redline version would be included in the record and could be found on BASIS.

SENATOR KIEHL re-introduced Conceptual Amendment 4.

CHAIR CLAMAN objected for purposes of discussion.

SENATOR KIEHL stated that Conceptual Amendment 4 reinstates a section deleted by Legislative Legal Services. He stated that the language provided broad authority to determine fees to cover regulatory costs. He noted that the Conceptual Amendment reinstates the requirement that annual renewal fees be based on the total volume of money transmission in the state. He stated that the Department of Commerce, Community and Economic Development communicated the desire to charge varying rates based on money transmission volume.

CHAIR CLAMAN referred to the redline copy, subsection (f), page 49 that deletes "an annual renewal fee shall be determined by the department by regulation order."

SENATOR KIEHL stated that the sentence was not required because earlier sections of the bill require fee setting by order.

CHAIR CLAMAN removed his objection; finding further objection, Conceptual Amendment 4 was adopted.

[2:08:20 PM](#)

SENATOR KIEHL moved to report CSSB 84, work order 33-GS1312\B, as amended, from committee with individual recommendations and attached fiscal note(s).

CHAIR CLAMAN found no objection and CSSB 84(JUD) was reported from the Senate Judiciary Standing Committee.

[2:08:50 PM](#)

There being no further business to come before the committee, Chair Claman adjourned the Senate Judiciary Standing Committee meeting at 2:08 p.m.