

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

February 21, 2025

9:00 a.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Carolyn Hall, Co-Chair
Representative Ashley Carrick
Representative Robyn Niayuq Burke
Representative Dan Saddler
Representative Julie Coulombe
Representative David Nelson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 60

"An Act relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 99

"An Act relating to the business of money transmission; relating to licenses for money transmission, licensure requirements, and registration through a nationwide multistate licensing system; 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 exemptions to money transmission licensure requirements; relating to payroll processing services; relating to currency exchange licenses; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 60

SHORT TITLE: PROCURE PREF: AGRIC. & FISH PRODUCTS

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/22/25	(H)	READ THE FIRST TIME - REFERRALS
01/22/25	(H)	FSH, L&C
02/06/25	(H)	FSH AT 11:00 AM GRUENBERG 120
02/06/25	(H)	Heard & Held
02/06/25	(H)	MINUTE(FSH)
02/11/25	(H)	FSH AT 10:00 AM GRUENBERG 120
02/11/25	(H)	Moved HB 60 Out of Committee
02/11/25	(H)	MINUTE(FSH)
02/12/25	(H)	FSH RPT 5DP 2NR
02/12/25	(H)	DP: VANCE, KOPP, EDGMON, ELAM, STUTES
02/12/25	(H)	NR: HIMSCHOOT, MCCABE
02/21/25	(H)	L&C AT 9:00 AM BARNES 124

BILL: HB 99

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(s): FIELDS

02/12/25	(H)	READ THE FIRST TIME - REFERRALS
02/12/25	(H)	L&C, FIN
02/21/25	(H)	L&C AT 9:00 AM BARNES 124

WITNESS REGISTER

ANNA LATHAM, Deputy Commissioner
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Gave presentation on HB 60 on behalf of the bill sponsor, House Rules by request of the Governor via a PowerPoint, titled "Procurement Preference: Agriculture and Fish Products House Bill 60."

TOM MAYER, Chief Procurement Officer
Department of Administration
Juneau, Alaska

POSITION STATEMENT: Answered questions on HB 60 on behalf of the bill sponsor, House Rules by request of the Governor.

REPRESENTATIVE ZACK FIELDS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor presented HB 99.

EVAN ANDERSON, Staff
Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Zack Fields, prime sponsor, gave the sectional analysis of HB 99.

TRACY RENO, Chief of Examination
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Gave a presentation on HB 99 as an invited testifier.

DEAN FLEER, Financial Examiner 3
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 99.

ROBERT SCHMIDT, Director
Division of Banking and Securities
Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 99.

ACTION NARRATIVE

[9:00:09 AM](#)

CO-CHAIR CAROLYN HALL called the House Labor and Commerce Standing Committee meeting to order at 9:00 a.m. Representatives Saddler, Burke, Coulombe, Carrick, Fields, and Hall were present at the call to order. Representatives Nelson arrived as the meeting was in progress.

HB 60-PROCURE PREF: AGRIC. & FISH PRODUCTS

[9:01:19 AM](#)

CO-CHAIR HALL announced that the first order of business would be HOUSE BILL NO. 60, "An Act relating to municipal and state procurement preferences for agricultural products harvested in

the state and fisheries products harvested or processed in the state; and providing for an effective date."

9:01:25 AM

The committee took a brief at-ease at 9:01 a.m.

9:02:16 AM

ANNA LATHAM, Deputy Commissioner, Department of Commerce, Community and Economic Development, began a PowerPoint presentation [hard copy included in the committee packet] on HB 60. She stated that HB 60 was a result of the administration focusing on food security in Alaska. She explained that the global pandemic [COVID-19] triggered supply chain disruptions across the United States that impacted the delivery of food and other essential goods. She stated that Administrative Order (AO) 331, ordered in 2022, was a part of the Dunleavy Administration's initiative to increase food security and agricultural sector growth. She explained that AO 331 created the Alaska Food Security and Independence Taskforce. She reported that the recommendations of the taskforce included increasing the procurement and use of Alaska-sourced foods in state & local agencies, institutions, and schools. She stated that she had met with growers and processors who reported a need to enter commercial markets. Additionally, she stated that HB 60 aligns with AO 136, the directive from the administration to create a Department of Agriculture.

MS. LATHAM moved to slide 2 of the PowerPoint, titled "Procurement Preference: Agriculture and Fish Products House Bill 60," and gave an overview of Alaska's current procurement code, which she noted has been in place since 1996. This read as follows [original punctuation provided]:

AS 36.15.050 and AS 29.71.040 require the use of local agricultural and fisheries products by state agencies, school districts, and municipalities that receive state money

Current statute requires agricultural and fisheries products harvested in the state:

Shall be purchased if the product is priced not more than seven percent above a similar product harvested outside the state

May be purchased if the product is priced not more than 15 percent above a similar product harvested outside the state

MS. LATHAM clarified that HB 60 would impact only agriculture and fish products; it would not impact timber or steel, for example.

MS. LATHAM moved to slide 3, and gave an overview of the current purchasing process, which read as follows [original punctuation provided]:

The DOA Office of Procurement and Property Management administers a statewide contract with US Foods (Mandatory for the Department of Corrections and Non-mandatory for all others)

Local growers register and indicate the products they can provide

State agencies set up a corporate account with vendor

Once they've set up an account, there is an option to select Alaska Grown Products

These are online mobile markets that display Alaska products

State buyers such as the Department of Corrections and AMHS purchase products based on price after the application of preferences

MS. LATHAM noted that, upon checking the US Foods website, there are only two products available: potatoes and lettuce. She further noted that there are typically very few Alaska products available on the website. She gave a list of qualified users, including state agencies, federally recognized tribes on the Bureau of Indian Affairs (BIA) list, the legislative branch, the university, the court system, state boards and commissions, boroughs, cities, and school districts. She noted that corporate agencies are exempt from the procurement code, as they have their own procurement code. She explained that the intent of the legislation is to bring awareness to local growers and fishermen and encourage them to ramp up production and become a vendor with U.S. Foods.

MS. LATHAM moved to slide 4, and gave an overview of the proposed changes under HB 60, which read as follows [original punctuation provided]:

Increases allowable price differentials for state agencies, school districts, and municipalities to purchase more Alaskan agricultural and fisheries products

Changes the purchase price differential for required in-state purchases from seven percent to ten percent

Changes the purchase price differential for permissible in-state purchases from 15 percent to 25 percent

Incentivizes more production of Alaska-grown agricultural and Alaska fisheries products by providing access to institutional markets

MS. LATHAM added that Alaska producers have cited cost barriers to institutional markets. She further noted that the 3-percent increase for required in-state purchases was done so to avoid adverse effects on school districts and municipalities.

MS. LATHAM, moved to slide 5, drawing committee members' attention to the table chart, which is representative of state agencies' procurement of Alaska grown versus non-Alaska grown food products. She noted that the State of Alaska spent \$17 million on food products, with roughly \$200,000 spent on Alaska grown products.

[9:08:01 AM](#)

TOM MAYER, Chief Procurement Officer, Department of Administration, clarified that the \$17 million was representative of all food products purchased by the State of Alaska through the U.S. Foods contract, not just the agriculture and fish products.

[9:08:16 AM](#)

MS. LATHAM remarked that there is a lot of room for improvement in Alaska grown markets, noting that the percentage of Alaska grown purchases was 0.014 percent.

[9:08:47 AM](#)

CO-CHAIR HALL invited questions from committee members.

[9:08:54 AM](#)

REPRESENTATIVE COULOMBE queried the price differential between 15 and 25 percent. She used potatoes as an example, seeking clarification that an Alaska agency could choose to purchase potatoes grown in state that are not necessarily the cheapest available.

MS. LATHAM confirmed that, under HB 60, if Alaska grown potatoes are within 10 percent of non-Alaska grown potatoes, state agencies under the jurisdiction of the proposed legislation would be required to purchase the Alaska potatoes. Additionally, she explained that state agencies are allowed to purchase Alaska grown potatoes up to 25 percent more expensive than non-Alaska grown potatoes, allowing more money to circulate in state.

REPRESENTATIVE COULOMBE stated that ultimately, HB 60 could increase food costs for the agencies under the proposed legislation's jurisdiction. She asked if agencies would be required to purchase Alaska grown products under the proposed legislation or if they could opt out.

MS. LATHAM responded that agencies must buy what's available through the U.S. Food contracts. Further, she stated that, under HB 60, if Alaska products are within 10 percent of non-Alaska products, the agencies would be required to purchase the Alaska products. She reiterated that [agencies] would be permitted to spend up to 25 percent more on Alaska grown products over non-Alaska grown products.

[9:10:47 AM](#)

REPRESENTATIVE SADDLER queried the strength of the current mandate to purchase Alaska grown products.

MR. MAYER responded that he is not sure that there is a way to measure that.

REPRESENTATIVE SADDLER further queried the potential additional costs of the proposed legislation.

MR. MAYER, referring to the table chart on slide 5 of the PowerPoint presentation, noted that the largest buyers of Alaska-grown products were the Department of Corrections (DOC) and the Department of Commerce, Community, and Economic Development-Alaska Seafood Marketing Institute (DCCED-ASMI). He stated that ASMI bought mostly canned seafood for conventions

and the DOC purchases were for incarcerated individuals. He estimated an additional cost of roughly \$7,000.

REPRESENTATIVE SADDLER questioned why the purchases of ASMI and DOC were so close in number, \$117,667 and \$117,643 respectively.

MR. MAYER responded that it was serendipitous.

[9:12:30 AM](#)

CO-CHAIR FIELDS asked whether DOC had contemplated purchasing more seafood.

MS. LATHAM stated [DCCED] had not had conversations with DOC about inmates' meals.

CO-CHAIR FIELDS offered interest in stronger language mandating [DOC] purchase Alaska seafood. Additionally, he asked whether DOC had considered growing food; he noted the department owns "a lot of land." Further, he asked whether [DOC] had contemplated long-term purchase agreements with farmers of greater scale, "given the size of DOC's purchasing power."

MS. LATHAM stated that she would follow up with the committee regarding DOC. She offered her belief that DOC has capacity for processing food, but she was unsure of DOC's capacity to grow food.

[9:14:03 AM](#)

REPRESENTATIVE BURKE shared concerns that there would be an increased cost to school districts, particularly in rural Alaska. She queried the additional cost of freight. She asked the reason behind the low procurement of Alaska-grown products, referencing the table chart on slide 5, and pondered if the low purchasing was due to limited products. She further queried how long the vendors have been on U.S. Foods.

[9:15:19 AM](#)

MS. LATHAM replied that she found a study between the Alaska Farm Bureau and the University of Alaska Fairbanks (UAF) that concluded that buying in-state could decrease costs due to decreased food waste. She stated she would follow up with that information for the committee.

[9:16:15 AM](#)

MR. MAYER responded that the statutes for the U.S. Foods program contracts have been in place since 1988. He admitted that the proposed legislation would increase costs but stated that purchasing Alaska grown products is already mandatory for school districts.

[9:17:07 AM](#)

REPRESENTATIVE CARRICK offered her appreciation for the intent of the proposed legislation. She questioned whether a [10]-percent differential was large enough for rural communities. She further queried the cost difference of Alaska-grown potatoes in Utqiagvik, for example, versus "produced out-of-state." She additionally asked about regional price differences.

[9:18:24 AM](#)

MS. LATHAM clarified the proposed legislation would be a 10-percent differential, from 15 to 25 percent. She stated that she would follow up with the committee on average prices and the costs of shipping.

[9:18:49 AM](#)

REPRESENTATIVE SADDLER stated that he supports Alaska agriculture. He wondered whether the change in percentage proposed by HB 60 would be effective. He queried other structural impediments in the uptake of Alaska grown products.

MS. LATHAM responded that there is a balance between making incremental changes and disrupting the market. She stated that the percentage change was based both on meetings with the Alaska Farm Bureau and recommendations of the taskforce.

MR. MAYER offered his belief that there are capacity limitations and storage limitations.

[9:20:29 AM](#)

MS. LATHAM, in response to Representative Coulombe's question, stated that "polisubs" stood for political subdivisions, in the table chart on slide 5.

[9:20:50 AM](#)

CO-CHAIR HALL thanked the invited testifiers.

CO-CHAIR HALL announced that HB 60 was held over.

HB 99-MONEY TRANSMISSION; VIRTUAL CURRENCY

[9:21:00 AM](#)

CO-CHAIR HALL announced that the final order of business would be HOUSE BILL NO. 99, "An Act relating to the business of money transmission; relating to licenses for money transmission, licensure requirements, and registration through a nationwide multistate licensing system; 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 exemptions to money transmission licensure requirements; relating to payroll processing services; relating to currency exchange licenses; amending Rules 79 and 82, Alaska Rules of Civil Procedure; and providing for an effective date."

[9:21:08 AM](#)

The committee took an at-ease from 9:21 a.m. to 9:23 a.m.

[9:23:25 AM](#)

REPRESENTATIVE ZACK FIELDS, Alaska State Legislature, as prime sponsor, gave introductory remarks on HB 99. He read the first paragraph of the prepared sponsor statement [included in the committee file], which read as follows [original punctuation provided]:

House Bill 99 amends and modernizes the Alaska Uniform Money Services Act ("Act") (AS 06.55). The Act provides the legal framework for money transmission functions, including currency exchange, transfer (or wiring) of money, and loading and reloading of payment instruments including stored-value cards.

CO-CHAIR FIELDS explained that he is carrying HB 99 on behalf of the administration and gave a brief overview of the bill's history. He reported that, while HB 99 addresses all virtual

transactions, in recent years, crime organizations have utilized cryptocurrency to launder money, facilitate illegal drug-trading, engage in human trafficking, and undermine national security. He noted that there are well-documented cases of drug cartels using cryptocurrencies. He reported that of 120 Chinese drug manufacturers, 97 percent offer payments in the form of cryptocurrency. He stated that HB 99 is essentially a "crime-fighting" bill and gives the State tools to stop criminal activity. He asked his staff to continue with the sectional narrative.

[9:25:17 AM](#)

CO-CHAIR FIELDS had a discussion with Representative Carrick on the history of similar legislation from 2024. He stated it was his goal to introduce HB 99 early to "get it across the finish line."

[9:26:22 AM](#)

EVAN ANDERSON, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Representative Fields, prime sponsor of HB 99, gave the sectional analysis narrative [included in the committee file], which read as follows [original punctuation provided]:

The proposed bill is not a simple repeal and reenactment of AS 06.55. Instead, it is a line-by-line overhaul of the Act carefully considering the Model Law and selectively adopting and revising the statutes. The bill repeals the currency exchange license and includes that activity in the definition of money transmission so only one license type will be required in AS 06.55 going forward.

☐☐**Sections 1 through 6 are related to licensing.** Adds a section of uncodified law explaining the purpose of the bill and amends language related to licensing application and license renewal requirements. Adds criminal background check report requirements for individuals who are senior management and control the company. Allows the department to utilize the Nationwide Multi-State Licensing System (NMLS) for all aspects of licensing.

☐☐**Section 7.** Amends AS 06.55 to add new sections to Article 1A concerning virtual currency (VC) derived from the Model Law. Virtual Currency Business Activity

replaces Currency Exchange Licenses as the heading for Article 1A. AS 06.55.150 - 06.55.170 provide the details of what is considered and what is not considered licensed activity for companies engaging in VC business activity.

□□**Section 8.** Repeals and reenacts AS 06.55.301 creating a requirement that a licensee adopt policies and procedures consistent with applicable state and federal law prior to using an authorized delegate and provides details stating that a licensee must enter into a contract with an authorized delegate with a list of provisions.

□□**Section 9.** Amends AS 06.55.302 concerning unauthorized activities and liability provisions that apply to persons engaging in MT on behalf of an unlicensed person.

□□**Section 10.** Amends AS 06.55.401 relating to supervision and the department's powers with respect to examination. It allows the department to accept examination reports from other states, the federal government, or an independent accounting firm. This section requires licensees to pay all costs associated with examinations, references confidentiality requirements, and eliminates the existing requirement to notify a licensee 45 days prior to an examination.

□□**Sections 11 - 14.** Repeals and reenacts or amends subsections of AS 06.55.403 for consistency with the Model Law. It requires quarterly reports of condition for a licensee's activities and their authorized delegates. It maintains existing requirements for immediate reporting knowledge of filing a bankruptcy petition, a proceeding to revoke or suspend a license in another state or country, bond cancellation and criminal charges. Allows the department to utilize the NMLS for reporting required by AS 06.55.403. Executive officer is replaced and repealed utilizing key individual, a term introduced by the Model Law which means "any individual ultimately responsible for establishing or directing policies and procedures of the licensee, including an executive officer, manager, or trustee."

□□**Section 15.** Repeals and reenacts AS 06.55.404 regarding acquisition of control of a MT licensee containing procedural and reporting requirements for the acquisition or transfer of control of licensees.

It allows exceptions for acquisition of control and contains discretionary provisions for the department for ease and flexibility of administration and the utilization of the NMLS. It adds details for aggregation of interest of ownership for family members for consistency with the Model Law.

☐☐**Sections 16 through 22.** Amends language consistency with the Model Law. Increases the record keeping requirements of licensees from 3 years to 5 years. Removes the requirement that certain money laundering, record keeping, and suspicious transaction reporting requirements be filed with the Attorney General. Includes an amendment that provides guidance that is helpful regarding when a licensee or authorized delegate may disclose financial information provided to the licensee or authorized delegate by a customer.

☐☐**Section 23.** Adds a new subsection (f) to AS 06.55.407 stating when department records may be made public and what information is confidential.

☐☐**Section 24.** Amends AS 06.55 to add new sections to article 4 from the Model Law. Provides details when licensees are required to submit an annual audited financial statement to the department within 90 days after the end of the licensee's fiscal year. Grants the department discretion to enter into agreements with other state and federal agencies to improve efficiencies and reduce regulatory burden and to adopt rules and regulations, and to recover its costs through imposition and collection of fees. Provides that in the event of an inconsistency between state and federal law, the federal law governs to the extent of the inconsistency.

☐☐**Sections 25 - 29.** Revises article 5 of AS 06.55 to rename and broaden its scope from Permissible Investments to Prudential Standards. Details the level of permissible investments required by a and provides details on what specific investments can be held by licensees due to risk concerns and adds language to protect beneficiaries of statutory trusts from actions by creditors of licensees. Provides details regarding Automated Clearing House (ACH), letters of credit, and security bonds. Expands net worth requirements from \$25,000 to a new net worth based on a tiered level of total assets held. Allows the department to exempt

applicants or licensees from net worth requirements. Provides a requirement to maintain at all times a tangible net worth in tiers and that it must be demonstrated at initial application.

☐☐**Section 30 through 36.** Amends language for consistency with the Model Law regarding the suspension and revocation of a license by deleting unnecessary language and inserting new terms such as key individual and the replacement of transmission for services. Allows an authorized delegate to apply for relief from a suspension or revocation of a license.

☐☐**Section 37.** Amends AS 06.55.605 regarding civil penalties allowing the department to assess its costs and expenses for investigation.

☐☐**Section 38 and 39.** Amends language for consistency with the Model Law conforming language such as deleting money services and inserting money transmission.

☐☐**Sections 40 and 41.** Amends subsections of AS 06.55.607 to remove citations to AS 06.55.201, which is repealed. The existing AS 06.55.201 contains the currency exchange license requirements and this license is being eliminated in the bill in favor of one license type including currency exchange as a money transmission activity.

☐☐**Section 42.** Amends AS 06.55.702(a) concerning hearings for consistency with the Model Law deleting money services and a citation to AS 06.55.702(b) which is repealed in the bill.

☐☐**Section 43 and 44.** Amends language for consistency with the Model Law revising licensing exclusions and renames the section to exemptions. It adds new exemption types and would allow the department to add additional exemptions if it is in the public interest creating consistency from state-to-state. It also adds the term federally insurance depository financial institution for consistency with other statutes the division regulates under AS 06.60.990(9). Allows the department to require a person who claims an exemption to provide information and documentation demonstrating the claimed exemption.

□□**Sections 45 through 48.** Amends language regarding notices and receipts requiring licensees and authorized delegates to provide customers with notices of how to file a complaint and allows the department to establish the format and content required in the notices on the licensee's website or mobile application, the name and phone number of the department and a statement on how customers can contact the department with questions or complaints. Includes in-state determination of the location of a person requesting a transaction and provides a definition of receipt.

□□**Sections 49 and 50.** Provides details on timely transmission requiring licensees to forward money received for transmission in accordance with the agreement between the licensee and sender unless the licensee determines there may be fraud involved or another crime. The licensee is required to respond to inquiries from the sender with the reason for the failure to forward money unless doing so violates a state or federal law. Provides information concerning refunds for consistency with the Model Law.

□□**Sections 51 and 52.** Amends language for consistency with the Model Law and states the department shall establish fee levels including an annual renewal fee based on a licensee's total volume of money transmission in the state.

□□**Sections 53 through 61.** Amends definitions found in AS 06.55.990 for consistency with the Model Law. Changes include the incorporation of the words in this state to ensure AS 06.55 protects Alaska consumers and insuring revisions are made to align the language of the Act with the model law. It also includes an exception for a loyalty reward card, amends the definition of control and renumbers the definitions.

□□**Section 62.** Amends AS 06.55.995 Short title to refer to the Act or Chapter as the Alaska Uniform Money Transmission Modernization Act instead of the Alaska Uniform Money Services Act.

□□**Section 63.** Amends AS 12.62.400(b) to read that an applicant under AS 06.55 may submit fingerprints to the registry.

□□**Section 64.** Repeals several sections in AS 06.55. AS 06.55.104 and AS 06.55.107 are repealed and reenacted in Article 5 concerning prudential standards. All statutes in Article 2 regarding currency exchange licenses are repealed as the activity was added to the definition of money transmission. AS 06.55.890 and AS 06.55.990 contains definitions that are no longer necessary.

□□**Section 65 - 67.** Amends by adding a new section for INDIRECT RULE AMENDMENT and transitional provisions amending uncodified law to avoid interference with existing contracts, to allow a transitional period for holders of existing money services licenses.

□□**Section 68.** Adds a new section "CONDITIONAL EFFECT" to allow adoption of transitional regulations by DCCED.

□□**Section 69.** Provides for an effective date of January 1, 2026.

[9:36:30 AM](#)

TRACY RENO, Chief of Examination, Division of Banking and Securities, Department of Commerce, Community and Economic Development, gave a PowerPoint, titled "Alaska Uniform Money Transmission Modernization Act HB 99," on behalf of Co-Chair Fields, prime sponsor of HB 99. She gave a history of what happened to prior legislation similar to HB 99.

MS. RENO began her presentation on the second slide and gave an overview of the proposed legislation. The second slide read as follows [original punctuation provided]:

HB 99:

- Is a generational update to financial laws to accommodate new technologies and ensure uniformity. It is a model law developed by the Conference of State Bank Supervisors (CSBS) in collaboration with industry stakeholders and state regulators, adopted by 22 states.
- Reduces regulatory burden by streamlining licensing, renewal, and examinations.
- Facilitates innovative financial products and services, such as virtual currency and digital assets, while broadly strengthening consumer protection around those assets.

- 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.

MS. RENO moved to the third slide and gave an overview of the history of money transmission in America. She stated that money transmission "took hold in America" during the era of Western expansion. She explained that institutions such as the Western Union would accept money on the east coast and send a telegram to the west coast with instructions to give money to the intended recipient at a local office. She stated that physically going to a money transmitter was the dominant pathway for over 100 years. She stated that the advent of smartphones has revolutionized sending and receiving money, reporting that, in Alaska, billions of dollars are transferred annually with smartphones. She said the Division of Banking & Securities enforces the Alaska Uniform Money Services Act, which was passed in 2007 and enacted in 2008. She explained that the Alaska Uniform Money Services Act provides legal framework for money transmission functions, including currency exchange, transfer/wire of money, and loading/reloading of payment instruments, including stored-value cards. She reported that the first PayPal application ("app") for smartphones was released in July 2008 and cryptocurrencies emerged during 2007 and 2009 - years after Alaska's current statutes were written, she asserted. Further, she reported that mobile payments like Google Pay, Apple Pay, and Cash App constitute the largest area of money transmission in Alaska. Ms. Reno reported that cryptocurrency did not exist when the current statutes regarding money transmission were written in Alaska. She explained that HB 99 would update "the licensing, record-keeping, and enforcement provisions to support these business activities and protect Alaska consumers."

MS. RENO moved to the fourth slide, drawing committee members' attention to a bar graph representative of the annual Alaska money transmission volume from 2020 to 2023. She noted that, from 2019 to 2021, money transmissions grew from \$1.6 billion to over \$7 billion. She further noted that, in 2023, the annual money transmission volume was \$4.5 billion. She explained that the totals include money transmission, payment instruments, stored value, and cryptocurrency. She further explained that Bitcoin [a form of cryptocurrency] rebounded in 2024, after a dip in 2022 and 2023 due to the volatile crypto market and bankruptcies of several crypto exchanges. She stated that Bitcoin is currently hitting record highs as the most widely

traded cryptocurrency. She asserted that, regardless of crypto's future, the sector would continue to grow with more people utilizing mobile payment systems. She stated that many people in Alaska live in communities without a "brick-and-mortar" bank, and mobile payment systems allow Alaskans to pay for/be paid for business services as long as they have access to cellular data or the Internet.

MS. RENO moved to the fifth slide, drawing committee members' attention to a bar graph, representative of the total number of money transmission transactions annually in Alaska from 2020 to 2023. She said that the graph illustrates the growth of people in Alaska utilizing money transmissions and noted there were over 25 million transactions in 2023. She further noted that, in Alaska, in 2023, there was a money transmission transaction 48.6 times a minute. She asserted that the growth of the mobile payment industry has been driven by mobile payment apps on smartphones and the increasing utilization of cryptocurrencies.

[9:41:56 AM](#)

MS. RENO moved to the sixth slide, drawing committee members' attention to a horizontal bar graph, representative of the number of money transmission licensees annually in Alaska from 2019 to 2023. She stated that, of the 180 money transmission licensees [in Alaska], 35 transmit cryptocurrency. She further stated that the number of companies [in Alaska] obtaining money transmission licenses has seen a 59-percent increase over the past five years.

MS. RENO moved to the seventh slide, drawing committee members' attention to a bar graph, representative of the annual Alaska money transmission volume for cryptocurrency from 2020 to 2023. She stated that companies licensed to conduct money transmission in Alaska and additionally conduct cryptocurrency activity recorded the data in the graph. She further reported that the data is aggregated through all of Alaska and does not include any transaction-level data or region-specific data. She reported that recorded cryptocurrency transmission in Alaska grew 5,789 percent from 2019 to 2021, from \$33.6 million to \$1.9 billion. She stated that Alaska did not regulate virtual currency activity until 2023, when cryptocurrency was added to the definition of money transmission and requiring additional companies to acquire licenses. She reported that, in 2023, Alaskans conducted \$1.7 million worth of cryptocurrency transactions daily. She projected that the numbers for 2024 and 2025 will be significantly higher than previous years.

MS. RENO moved to the eighth slide, drawing committee members' attention to a pie graph, representative of the types of money transmissions in Alaska during 2023. She noted that almost 70 percent of money transmissions were mobile payments or "sending money." She further noted that the use of stored-value cards [15 percent] and cryptocurrency [14 percent] in Alaska were roughly equal. She reported that virtual currency [cryptocurrency] and mobile payments accounted for about two-thirds of money transmission in Alaska, despite, she maintained, neither form of money transmission existing when the current law was written.

MS. RENO moved to the ninth slide, titled "Why regulate money transmissions at all?" The ninth slide read as follows [original punctuation provided]:

- 49 states and six territories regulate money transmission.
- 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 can pivot and react more quickly as events transpire.

MS. RENO further explained that the United States has a dual-banking system, meaning that financial services are regulated by both federal and state agencies. She stated that many banking institutions in Alaska have chosen to be regulated principally by the state government, not the federal government. Furthermore, she stated that there is currently no federal regulation of money transmission akin to state regulation. She asserted that, when Alaska has an issue with a money transmitter, HB 99 would put the state in a much better position to investigate the issue and intervene, if necessary, on behalf of Alaska consumers.

MS. RENO moved to the tenth slide, titled "Why is this bill important?" She explained that many cryptocurrency exchanges have contractual terms stating that "customer balances are the asset of the exchange." Ms. Reno clarified that in the event of a bankruptcy, such as the bankruptcy of FTX (Futures Exchange) and Voyager [Digital] in 2022, the customer balances shall be

paid to secured creditors. She reported that people in Alaska lost millions of dollars due to crypto-bankruptcies and HB 99 would protect future losses as a result of bankrupt cryptocurrencies by classifying cryptocurrency as property of the customer.

MS. RENO further read from the bullet points on the tenth slide, which read as follows [original punctuation provided]:

This bill will:

- Foster innovation and reduce regulatory burden
- Protect consumers
- 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

MS. RENO emphasized that recent events have highlighted the need for modernization of Alaska's money transmission laws. She concluded by arguing that it is the state's responsibility to ensure that money, physical or virtual, moves "where and when it is supposed to." She thanked the committee members and invited questions from the committee.

[9:47:55 AM](#)

REPRESENTATIVE SADDLER queried what types of transactions constitute billions of dollars of transactions in money transmission in 2023.

MS. RENO referred to the eighth slide, titled "What types of transmissions happen in Alaska? 2023 Money Transmitted Based on Value." She replied that money transmission refers to basic cash transfers. She explained that stored value refers to cards that can be purchased in-store and loaded with currency. She noted that, in past years, the percentage of virtual currency represented in the pie chart on the eighth slide had been higher due to its higher market value. She explained that the cryptocurrency market is very volatile.

[9:49:48 AM](#)

REPRESENTATIVE CARRICK requested examples of each type of transmission in Alaska, referring to the eighth slide.

MS. RENO deferred to Mr. Fleer.

[9:51:09 AM](#)

DEAN FLEER, Financial Examiner 3, Division of Banking and Securities, Department of Commerce, Community and Economic Development, replied that stored value refers to prepaid and reloadable cards that can be purchased at grocery stores and loaded with currency. He gave some examples of virtual currencies: Bitcoin, Ethereum, and Dogecoin. He gave some examples of money transmission: PayPal, Cash App, and Venmo.

[9:53:03 AM](#)

REPRESENTATIVE COULOMBE referred to Section 8 of the proposed legislation, quoting that "[the] licensee adopt policies and procedures consistent with applicable state and federal law prior to using an authorized delegate", and asked for a definition of authorized delegate.

[9:53:31 AM](#)

MS. RENO answered that the authorized delegate would be the agent that verifies identification and takes money from consumers, for example, the actual person facilitating the transaction. Ms. Reno further clarified that the money transmitter would be the company, such as Western Union or PayPal.

[9:54:10 AM](#)

REPRESENTATIVE SADDLER remarked that the new federal administration made announcements to deregulate cryptocurrency. He wondered if HB 99 was therefore obsolete.

[9:54:43 AM](#)

CO-CHAIR FIELDS responded that the proposed legislation was not obsolete. He further stated that another executive directive designated drug cartels as terrorist organizations, whose use of cryptocurrencies illustrate the need for HB 99.

[9:55:10 AM](#)

MS. RENO stated that the primary focus of HB 99 was money transmission, or the movement of money or cryptocurrency, "from point A to point B."

[9:56:06 AM](#)

ROBERT SCHMIDT, Director, Division of Banking and Securities, Department of Commerce, Community and Economic Development, stated that there were talks of the Consumer Financial Protection Bureau (CFPB) taking on a greater role in the regulation of money transmission. Further, he remarked that the regulation of the financial industry is typically left to the states.

[9:56:40 AM](#)

REPRESENTATIVE SADDLER questioned why the states, not the federal government, were better positioned to regulate "national markets."

[9:56:54 AM](#)

MR. SCHMIDT replied that history set a precedent, noting that money transmission has been regulated by the states since the 1850s.

[9:57:13 AM](#)

CO-CHAIR HALL thanked the invited testifiers.

CO-CHAIR HALL announced that HB 99 was held over.

[9:57:20 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 9:57 a.m.