

**ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE**

March 5, 2025

1:33 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Kelly Merrick, Vice Chair
Senator Elvi Gray-Jackson
Senator Forrest Dunbar
Senator Robert Yundt

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 54

"An Act relating to registered interior designers and interior design; extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; establishing requirements for the practice of registered interior design; relating to the practice of architecture, engineering, land surveying, landscape architecture, and registered interior design by partnerships; relating to the scope of the certification requirements for architects, engineers, land surveyors, landscape architects, and registered interior designers; relating to liens for labor or materials furnished; relating to the procurement of landscape architectural and interior design services; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 86

"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: SB 54

SHORT TITLE: EXT ARCH, ENG, SURVEY BRD; REG INT DESIGN

SPONSOR(s): SENATOR(s) CLAMAN

01/24/25	(S)	READ THE FIRST TIME - REFERRALS
01/24/25	(S)	L&C, FIN
02/24/25	(S)	SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
02/24/25	(S)	L&C, FIN
02/26/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/26/25	(S)	Heard & Held
02/26/25	(S)	MINUTE(L&C)
03/05/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 86

SHORT TITLE: MONEY TRANSMISSION; VIRTUAL CURRENCY

SPONSOR(s): SENATOR(s) KIEHL

02/05/25	(S)	READ THE FIRST TIME - REFERRALS
02/05/25	(S)	L&C, FIN
03/05/25	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SARENA HACKENMILLER, Staff
Senator Matt Claman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided a brief recap of SB 54.

CATHERINE FRITZ, representing self
Juneau, Alaska

POSITION STATEMENT: Testified with concerns on SB 54.

ELIZABETH GOEBEL, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

MELISSA WILTFONG, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

BARBARA CASH, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

M. ELISE HUGGINS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

LARRY CASH, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

CASEY KEE, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

JESSICA CEDERBURG, President
American Institute of Architects
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 54.

DANA NUNN, Chair
American Society of Interior Designers (ASAIID)
Alaska Advocacy Committee

POSITION STATEMENT: Testified in support of SB 54.

SENATOR JESSE KIEHL, District B
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 86.

COLE OSOWSKI, Staff
Senator Jesse Kiehl
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided the sectional analysis for SB 86.

ROB SCHMIDT, Director
Division of Banking and Securities (DBS)
Anchorage, Alaska

POSITION STATEMENT: Delivered a presentation on SB 86.

ACTION NARRATIVE

[1:33:40 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:33 p.m. Present at the call to order were Senators Merrick, Gray-Jackson, Dunbar, Yundt and Chair Bjorkman.

SB 54-EXT ARCH, ENG, SURVEY BRD; REG INT DESIGN

[1:34:51 PM](#)

CHAIR BJORKMAN announced the consideration of SPONSOR SUBSTITUTE FOR SENATE BILL NO. 54 "An Act relating to registered interior designers and interior design; extending the termination date of the State Board of Registration for Architects, Engineers, and Land Surveyors; relating to the State Board of Registration for Architects, Engineers, and Land Surveyors; establishing requirements for the practice of registered interior design; relating to the practice of architecture, engineering, land surveying, landscape architecture, and registered interior design by partnerships; relating to the scope of the certification requirements for architects, engineers, land surveyors, landscape architects, and registered interior designers; relating to liens for labor or materials furnished; relating to the procurement of landscape architectural and interior design services; and providing for an effective date."

[1:35:25 PM](#)

SARENA HACKENMILLER, Staff, Senator Matt Claman, Alaska State Legislature, Juneau, Alaska, provided a brief recap of SB 54 and stated that SB 54 accomplishes three key objectives. First, it extends the statutory authorization for the Board of Architects, Engineers, and Land Surveyors (AELS). Second, it brings registered interior designers under the board's jurisdiction. Third, it incorporates statutory changes requested by the board.

[1:36:50 PM](#)

CHAIR BJORKMAN opened public testimony on SB 54.

[1:37:27 PM](#)

CATHERINE FRITZ, representing self, Juneau, Alaska, testified with concerns on SB 54 and stated that first, she opposes expanding the AELS Board from 11 to 13 members, the board doesn't need separate seats for mechanical and electrical engineers, an issue already resolved by Senate Bill 126 in 2023. Second, adding a seat for registered interior designers given

the very small number of eligible professionals in Alaska and the limited pool for board service. Allowing interior designers to sit on the board contradicts the intent of SB 54, which does not restrict the practice of interior design but only the use of a specific title. Lastly, she opposes Section 5 of SB 54, which includes non-code related items in the definition of interior design.

[1:41:02 PM](#)

ELIZABETH GOEBEL, representing self, Anchorage, Alaska, testified in support of SB 54.

[1:41:43 PM](#)

MELISSA WILTFONG, representing self, Anchorage, Alaska, testified in support of SB 54.

[1:42:13 PM](#)

BARBARA CASH, representing self, Anchorage, Alaska, testified in support of SB 54, extending the AELS Board and creating registration for interior designers. SB 54 benefits Alaska by keeping design work and fees in state for federal projects requiring registration. She said SB 54 still allows all interior designers to continue practicing as they do now. Those who choose to register will gain the ability to stamp and submit drawings independently for permitting.

[1:44:00 PM](#)

M. ELISE HUGGINS, representing self, Anchorage, Alaska, testified in support of SB 54.

[1:45:33 PM](#)

LARRY CASH, representing self, Anchorage, Alaska, testified in support of SB 54.

[1:46:30 PM](#)

CASEY KEE, representing self, Anchorage, Alaska, testified in support of SB 54.

[1:47:13 PM](#)

JESSICA CEDERBURG, President, American Institute of Architects (AIA), Anchorage, Alaska, testified in support of SB 54 and stated that AIA appreciates the sponsors of SB 54 for offering a title act instead of the previously proposed practice act. This approach allows AIA Alaska to remove opposition and stay neutral on interior design regulation. SB 54 allows optional licensure with permitting privileges via a stamp, without restricting unlicensed practice.

[1:49:44 PM](#)

DANA NUNN, Chair, American Society of Interior Designers (ASID), Alaska Advocacy Committee, testified in support of SB 54.

[1:50:45 PM](#)

CHAIR BJORKMAN closed public testimony on SB 54.

[1:51:10 PM](#)

CHAIR BJORKMAN held SB 54 in committee.

[1:51:17 PM](#)

At ease.

SB 86-MONEY TRANSMISSION; VIRTUAL CURRENCY

[1:53:17 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 86 "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."

[1:53:37 PM](#)

SENATOR JESSE KIEHL, District B, Alaska State Legislature, Juneau, Alaska, sponsor of SB 86 introduced the following legislation and shared the history of virtual currency and money transmission. He stated that the goal of a Model Law is to align laws across all 50 states, making things easier for businesses that operate in multiple states. This allows for more efficient multi-state examinations. SB 86 updates and modernizes Alaska's money transmission and virtual currency laws. He said a key focus is improving efficiency, particularly in regulatory processes.

[1:58:18 PM](#)

At ease. [sound went out]

[1:58:57 PM](#)

CHAIR BJORKMAN reconvened the meeting.

[1:59:04 PM](#)

SENATOR KIEHL continued the introduction of SB 86 and stating it improves efficiency by using the Nationwide Multistate Licensing System (NMLS) for background checks and reporting. SB 86 updates the fee structure so large national companies pay more than small Alaska startups, reflecting the oversight required. He said SB 86 avoids double regulation by deferring to federal agencies when applicable. SB 86 doesn't restrict what Alaskans can buy, leaving choices like Bitcoin or Ethereum up to consumers and the market. The goal is to lower barriers, ensure companies safeguard customer assets, and prevent losses like those seen in recent crypto collapses.

[2:02:16 PM](#)

SENATOR MERRICK asked how many states have implemented an updated law to accommodate virtual currency.

[2:02:28 PM](#)

COLE OSOWSKI, Staff, Senator Jesse Kiehl, Alaska State Legislature, Juneau, Alaska, provided the sectional analysis for SB 86 and answered that 27 states have implemented updated laws.

[2:02:51 PM](#)

MR. OSOWSKI read the sectional analysis summary for SB 86:

[Original punctuation provided.]

Sectional Analysis

Sec. 1: Explains the purpose of the bill

Secs. 2 - 6: Amend language related to licensing application and license renewal requirements. Adds criminal background check report requirements for senior management and those in control of the company. Lets the department use the Nationwide Multi-State Licensing System (NMLS or 'registry') for all aspects of licensing.

[2:03:19 PM](#)

MR. OSOWSKI continued with the sectional analysis:

Sec. 7: Adds a new article, Virtual Currency Business Activity, derived from the Model Law. Details what is considered licensed activity for companies engaging in VC business activity. Ensures that virtual currency is not the property of the licensee, not a permissible investment, and cannot be subject to the claims of the licensee's creditors. Provides that virtual currency must be held for the person entitled to it.

Sec. 8: Creates a requirement that a licensee adopt policies and procedures consistent with applicable state and federal law prior to contracting with and using an authorized delegate.

Sec. 9: Updates unauthorized activities and liability provisions that apply to persons engaging in Money Services on behalf of an unlicensed person.

Sec. 10: Updates the department's powers with respect to examination and supervision. Lets the department accept examination reports from other states, the federal government, or an independent accounting firm. Requires licensees to pay all costs associated with examinations, keeps the examination confidential, and eliminates the requirement to notify a licensee 45 days prior to an examination.

Secs. 11 - 14: Requires quarterly reports of condition for a licensee's activities and their authorized delegates. Lets licensees use the NMLS for their reports. Changes the term executive officer to key individual to broaden the scope of those covered.

Sec. 15: Updates procedural and reporting requirements for the acquisition or transfer of control of licensees. Allows some exceptions for acquisition of control and contains discretionary provisions for the department for ease and flexibility of administration and using the NMLS.

Secs. 16 - 22: Increases the record keeping requirements of licensees from 3 years to 5 years. Updates reporting rules so information goes to: "the appropriate federal agency." Clarifies when a licensee or authorized delegate may disclose financial

information provided to the licensee or authorized delegate by a customer. Conforming language.

[2:05:37 PM](#)

MR. OSOWSKI continued with the sectional analysis:

Sec. 23: Allows non-confidential department records to be made public upon request.

Sec. 24: Adds new sections from the Model Law. Details when licensees are required to submit an annual audited financial statement to the department. 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. Lets the department recover its costs through fees. Provides that in the event of an inconsistency between state and federal law, the federal law governs to the extent of the inconsistency.

Secs. 25 - 29: Details the level of permissible investments required. Provides details on what specific investments can be held by licensees and adds language to protect customers from actions by creditors of licensees. Provides details regarding Automated Clearing House, letters of credit, and surety bonds. Expands minimum net worth requirements for a licensee from a flat \$25,000 to a new net worth based on a tiered level of total assets held. Gives the department limited flexibility to exempt applicants from net worth requirements.

Secs. 30 - 36: Removes unnecessary language, inserts new terms such as "key individual," and replaces "services" with "transmission." Lets an authorized delegate apply for relief from a suspension or revocation of a license consistent with Model Law.

Sec. 37: Allows the department to assess costs and expenses for investigation and prosecution.

[2:07:14 PM](#)

MR. OSOWSKI continued with the sectional analysis:

Secs. 38 - 42: Conforming language.

Secs. 43 and 44: Adds new exemption types, including payroll processors, and lets the department add additional exemptions if it is in the public interest to create consistency from state to state. Lets the department require a person who claims an exemption to provide information and documentation demonstrating the claimed exemption.

Secs. 45 - 48: Requires 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. Defines and outlines receipt requirements. Includes tools to determine whether a customer is in Alaska and therefore subject to our state's laws. Details receipt requirements.

Secs. 49 and 50: Requires 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 must 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.

Secs. 51 and 52: Requires the department to set annual renewal fees based on a licensee's total volume of money transmitted in the state.

Secs. 53 - 61: Amends existing definitions and adds new definitions. Changes include reducing the threshold for control from 25 to 10 percent of the voting shares and clarifying that gift cards and loyalty rewards are not "stored value."

Sec. 62: Changes the chapter heading to the Alaska Uniform Money Transmission Modernization Act.

Sec. 63: Allows applicants to submit fingerprints to the registry.

[2:09:07 PM](#)

MR. OSOWSKI continued with the sectional analysis:

Sec. 64: Repeals several sections that are no longer necessary or are replaced by other language in this bill.

Sec. 65: Indirect court rule amendment to the Alaska Rules of Civil procedure because Sec. 37 allows for the collection of costs and expenses.

Secs. 66 and 67: Provide transitional language for existing contracts and licenses.

Sec. 68: Specifies that Sec. 37 takes effect only if the indirect court rule amendment receives the necessary two-thirds vote.

Sec. 69: Provides for an effective date of January 1, 2026.

[2:10:21 PM](#)

ROB SCHMIDT, Director, Division of Banking and Securities (DBS), Anchorage, Alaska, delivered a presentation on SB 86 and moved to slide 2, What is Money Transmission. He explained the four types of money transmissions that occur today:

[Original punctuation provided.]

What is Money Transmission?

There are four types of money transmission.

- Money Transmission (sending or wiring money) - Originally money transmission was wiring money to someone else using a business like Western Union inside many grocery stores. But the majority of sending money now is by mobile payment apps on your phone, like Venmo and Cash App.
- Stored value is going into the grocery store to the wall of gift cards and grabbing a loadable visa card and exchanging \$100 with the cashier for a visa card that you can use as payment for goods or services.
- Cryptocurrency (Bitcoin, Ethereum, Ripple, Dogecoin, etc.) is a digital representation of value that is used as a medium of exchange, whether or not denominated in money. Buying and transferring cryptocurrency is money transmission.

- Payment instruments are a money order or travelers' checks that allow money/value to be exchanged between a buyer and a seller without using cash.

[2:13:50 PM](#)

MR. SCHMIDT moved to slide 3, Who Regulates Money Transmission, and stated that money transmission is regulated by 53 U.S. jurisdictions, but there is no single federal agency overseeing money transmission entirely. The Consumer Financial Protection Bureau (CFPB) once conducted broad enforcement and examinations, but that activity has stopped. He stated that Alaska has regulated money transmission since 2008.

[2:14:30 PM](#)

MR. SCHMIDT moved to slide 4, What Does This Bill do, and stated that SB 86 is a generational update to Alaska's financial laws, aligning the laws with the tech advancements of the last 20 years. He said SB 86 supports innovation and protects consumers by modernizing licensing and exams. SB 86 strengthens consumer protections, especially if a licensed money transmitter files for bankruptcy. He spoke about an example of when Alaskans lost millions in 2022 when Voyager and Celsius went bankrupt. Under their user agreements, customers' cryptocurrency wasn't protected and became part of the bankruptcy estate. He noted in both cases, the primary asset in the proceedings was the customers' cryptocurrency. Had SB 86 been in place in 2022, it may have prevented those losses. SB 86 originated from collaboration between regulators and the regulated through the Conference of State Bank Supervisors. This legislation establishes consistent national rules and helps Alaska align with most other states.

[2:17:00 PM](#)

MR. SCHMIDT moved to slide 5, Money Transmission in Alaska, and stated that the Division of Banking and Securities, under the Department of Commerce, enforces Alaska's money transmission laws and regulates industries like securities, banks, credit unions, and lenders. Money transmissions, like Robinhood, Paypal, Venmo, Cashapp and Gemini, are the most dynamic and resource intensive of these sectors and causes the most concern.

[2:17:48 PM](#)

MR. SCHMIDT moved to slide 6, Money Transmission Volume, and showed a graph representing the dollar amount of money sent or received between 2020 and 2024. In 2024, Alaskans sent or received \$6.3 billion through four types of money transmission,

money transmission, payment instruments, stored value and cryptocurrency. He stated that licensed transmitters report aggregated, anonymous data quarterly, no personal or transaction level info. He noted that since 2020, money transmission has grown 224 percent, with a dip after 2021 due to declining crypto use. Other methods, like mobile payment apps, have steadily increased and are expected to keep growing.

[2:19:09 PM](#)

MR. SCHMIDT moved to slide 7, Alaska Money Transmission Transactions, and showed a graph representing the number of transactions during 2020 and 2024. He said in 2024, there were over 28 million transactions, about 54 per minute. With the growing use of mobile payment apps and cryptocurrency, the division expects this number to keep rising.

[2:19:52 PM](#)

MR. SCHMIDT moved to slide 8, Money Transmission Licensees, and showed a graph representing the number of licensees between 2019 and 2024. He noted that before 2019, no one would've expected nearly 200 money transmitter licenses in Alaska. These applications are complex and staff intensive. From 2019 to 2023, licenses grew 60 percent, though there's been a slight dip due to consolidation of companies. He said this trend may continue as firms compete. Of 173 current transmitters, 30 handle cryptocurrency. It's a growing sector, but not all transmitters will last due to mergers or bankruptcies.

[2:20:54 PM](#)

MR. SCHMIDT moved to slide 9, Cryptocurrency Transmission Volume in Alaska, and showed a graph representing the cryptocurrency growth in Alaska between 2020 and 2024. He said the graph shows the explosive growth and volatility of reported annual cryptocurrency transmission in Alaska. The amounts are aggregated data reported by companies licensed to conduct money transmission in Alaska. No personal information is contained in the data.

[2:21:47 PM](#)

MR. SCHMIDT moved to slide 10, What Types of Transmissions Happen in Alaska, and showed a pie graph representing the usage percentage of each type of transmission. Of all money transmission in Alaska, 60 percent is traditional like Western Union, MoneyGram, or mobile payments like Venmo, Cash App, Apple Pay, and Google Pay. Cryptocurrency makes up 24 percent, reloadable prepaid cards 14 percent, and payment instruments like money orders just 2 percent. Nearly 80 percent now involves

mobile apps or crypto, both of which didn't exist when current laws were written.

[2:23:00 PM](#)

MR. SCHMIDT moved to slide 11, Why Regulate Money Transmission at All, and stated that Alaska already regulates money transmission, and SB 86 updates and aligns our laws with other states. SB 86 helps the industry with consistent rules and improves efficiency for regulators. State oversight is crucial, when Alaskans call with issues, the division can act quickly if it's a state regulated business. He said DBS knows who to contact and often resolves problems the same day. Fraud cases have been reversed large and small because local businesses take the divisions calls. Federal agencies don't offer that level of responsiveness. He opined relying solely on them would sacrifice Alaska's control and ability to protect its residents.

[2:25:25 PM](#)

MR. SCHMIDT moved to slide 12, Why is This Bill Important, and stated that SB 86 offers strong protections for Alaska consumers Because cryptocurrency is a highly volatile asset, the risk of financial failure is greater, making consumer safeguards even more important. He said if a major exchange files for bankruptcy again, SB 86 ensures Alaskans are better protected and also modernizes our system by aligning Alaska's laws with national standards, making the state more welcoming to legitimate businesses. He stated that staff spend around \$200 dollars a year doing manual background checks and SB 86 would automate those through NMLS in just hours. Money transmission plays a critical role in Alaska's economy and is used thousands of times a day. He said by creating a uniform legal framework, SB 86 increases efficiency, reduces regulatory friction, and enhances consumer protection. Whether its cash or cryptocurrency, the Division of Banking and Securities ensures that Alaskans' money gets where it's supposed to go, on time and securely.

[2:26:58 PM](#)

SENATOR DUNBAR stated that many people hold cryptocurrencies like Bitcoin. He said Memecoins can't be used to buy things, lack real value, often crash, and is a form of gambling. He asked whether stable coins are treated differently from memecoins and are meme coins legal in Alaska.

[2:29:02 PM](#)

MR. SCHMIDT answered that the division regulates the exchange itself, the platform where people buy and sell assets like Bitcoin, Ethereum, or speculative memecoins. He said the

division's oversight focuses on the dealer, not the individual coins. While some tokens are clearly speculative, making risky investments are legal, just like in the stock market. Alaskans are allowed to invest in speculative assets of all kinds.

[2:30:53 PM](#)

SENATOR DUNBAR asked what the difference between memecoins and betting on horses is. Neither are betting on something with no intrinsic value that can't be used to purchase other things.

[2:31:27 PM](#)

MR. SCHMIDT answered that a dollar bill is backed by the full faith and credit of the U.S. government, giving the dollar bill value despite being just paper. Gold, by contrast, has intrinsic value due to its physical properties like conductivity and durability. He stated that Americans often dismiss cryptocurrency more easily than those in countries where avoiding central banks has clear benefits. He noted Bitcoin's limited supply reflects its creator Satoshi's concern with central banks printing money to pay debt. He said he is not pro or anti-crypto, he just recognizes crypto exists and people use it for a variety of reasons.

[2:34:09 PM](#)

SENATOR DUNBAR clarified that he wasn't questioning crypto currency but wanted to state that many in the industry see memecoins as harmful because they're clearly speculative and damage the broader crypto space. He said eventually, regulators or the country will need to distinguish between assets meant as a store of value and those that function more like gambling. He stated that he understands the division's role is to regulate the exchange, not the coins themselves.

[2:35:24 PM](#)

CHAIR BJORKMAN asked how reloadable cards work and why reloadable cards matter.

[2:35:38 PM](#)

MR. SCHMIDT responded that people use reloadable cards for many reasons. He said for those without a bank account, reloadable cards can be essential. People might cash their paycheck and load the funds onto a card for everyday use. For some Alaskans, this is a very important financial tool.

[2:37:01 PM](#)

CHAIR BJORKMAN asked where the money from the reloadable card is kept and why the place holding the money isn't considered a bank.

[2:37:23 PM](#)

MR. SCHMIDT answered that money transmission laws exist because these companies aren't banks, even though the companies hold your money. When a person loads a reloadable card, like at Fred Meyer, Visa or MasterCard gets the money, both Visa and MasterCard and the store take a fee. He said with services like PayPal, the balance can be used like cash, but if transferred to a PayPal-linked bank account, it's then held by an actual bank. He said the money goes to the card issuer (like Visa or MasterCard), not a bank, even though to a consumer the transaction may look similar.

[2:39:24 PM](#)

CHAIR BJORKMAN asked how does Alaska deal with inactive, unclaimed, errorless, assets.

[2:40:16 PM](#)

MR. SCHMIDT answered that he can't speak for the unclaimed property section, but bank accounts, PayPal balances, and crypto on platforms like Robinhood are subject to Alaska's unclaimed property laws. If unclaimed after a set time, the funds eventually go to the state.

[2:40:51 PM](#)

CHAIR BJORKMAN asked if policies regarding reloadable cards or other accounts that are not banks need updating.

[2:41:07 PM](#)

MR. SCHMIDT answered that a reloadable card is physical cash, so if unclaimed, it's just a card lying around. With PayPal, Robinhood, or Western Union, updating Alaska's unclaimed property laws might be needed.

CHAIR BJORKMAN stated that money on reloadable cards or in crypto accounts has real value. If it's not covered by Alaska's unclaimed property laws like bank funds are, that likely needs updating, especially if big companies profit while consumers lose out if a card is misplaced.

MR. SCHMIDT responded that he has dealt with one escheatment case involving a bank account sent to the state. He opined that the money transmitter should not be the beneficiary if someone dies.

2:43:20 PM

CHAIR BJORKMAN held SB 86 in committee.

2:44:09 PM

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:44 p.m.