



SENATE OF PENNSYLVANIA BILL SUMMARY

House Bill 850 Printer's No. 3641

Prime Sponsor: Mackensie
Committee: Banking and Insurance

SYNOPSIS:

Updates and Modernizes the Money Transmission Business Licensing Law

SUMMARY:

The legislation amends the Money Transmission Business License Law to update and modernize the act to be more consistent with other Department of Banking and Securities licensing acts. The act has only been amended once since 1977. New technologies and older administrative and enforcement provisions have made the statute antiquated.

The bill rewrites many of the definitions in the Act including the definition of transmittal instrument in order to clarify that newer technologies are covered under this act. Examples include debit cards, stored value cards, electronic transfers and closed loop or hybrid closed loop systems.

Updates the statute to include "Securities" in the Department's name.

Clarifies that purely commercial (business to business) transactions are not subject to the Act's provisions.

Amend the section dealing with exceptions to clarify that all federally insured depository institutions (including out-of-state institutions) and their agents are exempt from licensure under the Act.

Exempts from licensure agents of governmental agencies that are disbursing government benefits and agents that receive payments from individuals on behalf of persons that are creditors, public utilities or providers of goods and services.

Removes the partial exemption for accelerated mortgage payment providers.

Requires tangible net worth of at least \$500,000 and includes updated and stronger license denial provisions consistent with the provisions in the more modern Departmental licensing acts.

Requires the payment of an initial license application fee of \$5,000 and allows the Department to increase the amount of the required penal bond to twice the average daily outstanding balance of money received for transmission during the thirty days preceding the Department's requirement.

Licensee requirements are updated with the additions that licensee operate in a safe and sound manner and that all agents of licensees located in the commonwealth be registered with the Department.

Requirements for the appointment of agents are strengthened, violations of the Act are increased to felony and the amount of fines increased to be consistent with those in the more modernized licensing acts.

Effective Date: 60 days

BILL HISTORY:

The bill was amended in House Commerce Committee to remove “virtual currency” from the bill. The bill passed the House 193-2 on June 14, 2016.

Prepared by: Logue 9/26/2016