

BILL ANALYSIS

H.B. 2134
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Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law governing money services provides for two types of licenses, one for money transmission and one for currency exchange, and requires anyone who conducts these business activities to obtain the appropriate license. Interested parties report that, toward the end of 2012, more than 100 license holders under this law conducted over \$75 billion in transactions. Interested parties contend that certain improvements to the regulations currently governing these license holders are necessary. H.B. 2134 seeks to improve the efficiency of administering such regulations by clarifying and correcting language, eliminating conflicts with certain federal regulations, and allowing the use of a national registry for money services business licensing.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Finance Commission of Texas in SECTION 19 of this bill.

ANALYSIS

H.B. 2134 amends the Finance Code to authorize the Banking Commissioner of Texas, in order to efficiently and effectively administer and enforce the Money Services Act and to minimize regulatory burden, to cooperate, coordinate, and share information with an organization made up of state or federal governmental agencies that regulate or supervise persons engaged in money services businesses or activities subject to such regulation, or that are authorized to investigate or prosecute violations of a state, federal, or foreign law related to persons engaged in money services businesses or activities subject to regulation. The bill authorizes the commissioner to enter into a written cooperation, coordination, or information-sharing contract or agreement with the organization and to share information, provided that the organization agrees in writing to maintain the confidentiality and security of the shared information.

H.B. 2134 authorizes the commissioner to require that a person submit through the Nationwide Mortgage Licensing System and Registry in the form and manner prescribed by the commissioner and acceptable to the registry any information or document or payment of a fee required to be submitted under the Money Services Act or rules adopted under the act. The bill authorizes the commissioner to use the nationwide registry as a channeling agent for obtaining information required for licensing purposes or rules adopted under the Money Services Act, including criminal history record information, information related to any administrative, civil, or criminal findings by a governmental jurisdiction, and information requested by the commissioner to make a determination on an application for a money services license.

H.B. 2134 removes statutory provisions establishing an annual date on which a money services license expires and instead establishes an annual license fee and authorizes the commissioner to revoke the license of a license holder who does not continue to meet certain qualifications or satisfy certain requirements that are currently prescribed in statute for an applicant for a new money transmission license or currency exchange license, as applicable. The bill specifies that the annual license fee and report prescribed in statute are due on or before a due date prescribed

by the commissioner and establishes that a license expires if the license holder does not pay the license fee on or before the 45th day after the due date.

H.B. 2134 increases from 30 to 90 the maximum number of days the commissioner is authorized to extend the effective period for a temporary money transmission license. The bill removes statutory provisions requiring the requisite security maintained by an applicant for a money transmission license to be conditioned on the faithful compliance of the license holder, or the principals, responsible individuals, employees and authorized delegates of the license holder, with the Money Services Act or any rules adopted or order issued under the act. The bill requires a money transmission license holder to maintain a current list of authorized delegates doing business with persons located in Texas that includes the name and business address of each delegate and requires the license holder to provide the list to the commissioner on request.

H.B. 2134 redefines "stored value" to include prepaid access as defined by specified federal regulations and to exclude an electronic record that is redeemable only for goods or services from a specified merchant or set of affiliated merchants, such as a specified retailer or retail chain, a set of affiliated companies under common ownership, a college campus, or a mass transportation system. The bill redefines "currency exchange" to mean receiving the currency of one government, or receiving a negotiable instrument, and exchanging the currency or instrument, as applicable, for the currency of another government, rather than to mean exchanging the currency of one government for the currency of another government.

H.B. 2134 repeals a provision requiring a currency transmission business to make the disclosures required in statutory provisions regulating currency transmissions in English and, if the currency transmission is to a country where Spanish is widely spoken, in Spanish.

H.B. 2134 requires the Finance Commission of Texas, as soon as practicable after the bill's effective date, to adopt rules necessary to implement the changes in law made by the bill's provisions.

H.B. 2134 repeals Section 278.053, Finance Code.

EFFECTIVE DATE

September 1, 2013.