

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairperson Pete DeGraaf at 3:30 pm on Tuesday, February 10, 2015, 152-S of the Capitol.

All members were present except:

Representative Mario Goico – Excused

Committee staff present:

Melissa Calderwood-Renick, Legislative Research Department

Whitney Howard, Legislative Research Department

Matt Sterling, Office of Revisor of Statutes

Gary Deeter, Kansas Legislative Committee Assistant

Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Jeff Spahr, Staff Attorney, Office of the State Bank Commissioner

Others in attendance:

[See Attached List](#)

Bill introduction

Representative Billinger requested the Committee accept a bill that allows a bank to create additional capability for remote service units so that a customer may interact with bank personnel.

Representative Billinger moved, seconded by Representative Kelly, to accept the bill as a Committee bill. The motion passed.

Hearing on: HB2216 — Kansas money transmitter act.

The Chair opened the hearing on **HB2216**.

Staff Matt Sterling briefed the Committee on the bill. He stated that the bill amends the Act in several ways:

- The definition of "agent" is changed to require the agent to be designated by the licensee and to forward funds directly to the licensee.
- Financial statements must follow generally accepted accounting practices.
- Any agent not physically located in Kansas must receive prior approval from the Commissioner, and the Commissioner is authorized, under certain conditions, to deny, suspend, or revoke an applicant's license ([Attachment 1](#)).

Jeff Spahr spoke in support of the bill ([Attachment 2](#)). He explained that the bill intends to update the Act to reflect the increasing use of the Internet for money transmission and the decreasing use of money orders. He also noted that many agents are currently unlicensed. The bill will clarify the licensee-agent relationship, update the definition of outstanding payments, and provide more flexibility

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for surety requirements.

Mr. Spahr responded to members' questions:

- Banks and credit unions are exempt from the Money Transmitter Act.
- PayPal follows the rules; other online services are not always as reliable.
- The Office of the State Bank Commissioner actively investigates maverick licensees and agents. The bill will augment the agency's ability to regulate these services.
- The licensee pays a fee to be registered in Kansas and also pays a per-agent fee.

A member commented that the bill enhances the regulatory process.

The Chair closed the hearing on the bill.

The meeting was adjourned at 4:06 p.m. The next meeting is scheduled for Thursday, February 12, 2015, in Room 152-S at 3:30 p.m.