

BILL ANALYSIS

S.B. 899
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Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Department of Banking is tasked with licensing and regulating money transmitters and currency exchangers. Interested parties note that, due to the constantly evolving nature of this industry, it has become routine for the department to support minor changes to the law during each legislative session. This session, the department has identified several provisions that could benefit from clarification, a potential loophole under current law, and a consumer protection provision that has become outdated as the industry has expanded beyond its original scope. S.B. 899 seeks to address these issues.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 899 amends the Finance Code to condition the exemption from licensure requirements under the Money Services Act for a person engaged in the business of currency transportation who is both a registered motor carrier and a licensed armored car company or courier company on the person only transporting currency from a person to the same person at another location or to a financial institution to be deposited in an account belonging to the same person.

S.B. 899 clarifies language in Money Services Act provisions specifying the activities for which a person is required to hold a money transmission license. The bill repeals a statutory provision defining "receive" for purposes of such provisions.

S.B. 899 removes a requirement that each applicant for a currency exchange license provide and each currency exchange license holder maintain at all times security in the amount of \$2,500 and instead conditions the amount of security required on the type of transactions conducted and the volume of business. The bill requires an applicant to provide, and a license holder to maintain, security in the amount of \$2,500 if the applicant will conduct, or the license holder conducts, business with persons located in Texas exclusively at one or more physical locations through in-person, contemporaneous transactions. The bill requires an applicant to which the \$2,500 security requirement does not apply to provide security in the amount that is the greater of \$2,500 or an amount equal to one percent of the applicant's projected total dollar volume of currency exchange business in Texas for the first year of licensure. The bill requires a license holder to which the \$2,500 security requirement does not apply to maintain security in the amount that is the greater of \$2,500 or an amount equal to one percent of the license holder's

total dollar volume of currency exchange business in Texas for the preceding year. The bill limits the maximum amount of security that may be required to \$1 million.

S.B. 899 removes a person that acquires control of a money transmission license holder or currency exchange license holder as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court or by operation of law, from the persons exempted from requirements relating to the change of control of such a license holder.

S.B. 899 removes a statutory provision authorizing the banking commissioner of Texas, if the commissioner has reason to believe that a person has committed an offense subject to a criminal penalty under the Money Services Act or any other state or federal law, to file a criminal referral with the district attorney of Travis County or an appropriate prosecuting attorney of the county in which the offense is alleged to have been committed. The bill instead authorizes an offense under the Money Services Act to be prosecuted in Travis County or in the county in which the offense is alleged to have been committed.

S.B. 899 repeals Section 151.301(b)(7), Finance Code.

EFFECTIVE DATE

September 1, 2015.