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MEMORANDUM

To: Chairman DeGraaf and members of the House Committee on Financial Institutions
From: Matt Sterling, Assistant Revisor of Statutes
Date: 02/10/2015
Subject: House Bill 2216

HB 2216 amends the Kansas Money Transmitter Act. Section 1 of the bill amends K.S.A. 9-508 and the definition of “agent” to require that an agent be designated by the licensee and forward funds directly to the licensee. This section also changes “outstanding payment instrument” to “outstanding payment liability” and includes in the definition any money received by a licensee or agent from a customer that has not yet been paid.

Section 2 of the bill amends K.S.A. 9-509 to require all financial statement prepared pursuant to the act to be prepared in accordance with United States generally accepted accounting principles or in a form approved by the commissioner. The section would also increase the amount of cash or securities required of an applicant from \$500,000 to \$1,000,000 based upon: the volume of money transmission business transaction by the applicant in the state or the impaired financial condition of the applicant. The commissioner would be able to require persons operating pursuant to the act to maintain records necessary to verify their compliance with applicable state and federal laws.

Section 3 of the bill amends K.S.A. 9-510 to require that any agent not physically located in Kansas receive prior approval from the commissioner. The section would further clarify that a person acting as an agent or accepting funds for transmission through an exempt entity would be a money transmitter subject to the act.

Section 4 of the bill amends K.S.A. 9-513a to allow the commissioner to deny, suspend, revoke, or refuse to renew or issue a license to an applicant that fails to provide information or submit to an examination requested by the commissioner.

Section 5 of the bill amends K.S.A. 9-513b to make changes consistent with the definitional change made to “outstanding payment liability” and to clarify that licensees are required to calculate their permissible investments using United States generally accepted accounting principles.