

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 729

Money Services Businesses

SPONSOR(S): Carroll

TIED BILLS:

IDEN./SIM. BILLS: SB 1534

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Insurance, Business & Financial Affairs Policy Committee		Barnum	Cooper
2)	General Government Policy Council			
3)	Full Appropriations Council on General Government & Health Care			
4)				
5)				

SUMMARY ANALYSIS

Money services businesses offer financial services such as check cashing, sale of money orders, foreign currency exchange, etc. outside of the traditional banking or credit union environment. In 2008, the Florida Legislature enacted legislation designed to strengthen the regulatory oversight of money services businesses. Where appropriate, it consolidated areas within Chapter 560, Florida Statutes, and updated terminology.

HB 729 clarifies language related to assessing fees associated with authorized vendors of businesses licensed under ch. 560, F.S. Without this clarification, Office of Financial Regulation (OFR) has indicated that, if current law was construed to mean fees are to be assessed based upon each authorized vendor rather than each location of an authorized vendor, OFR would lose revenue of approximately \$1,240,000 annually.

The bill is effective upon becoming law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background:

Office of Financial Regulation (OFR) is responsible for regulatory oversight of money services businesses. License application and renewal procedures, and associated fees, are consolidated in Part I, Chapter 560, F.S. Money services businesses include payment instrument sellers, foreign currency exchangers, check cashers, and money transmitters. Prior to January 1, 2009, the fee provisions for Payment Instruments and Funds Transmission were contained within Part II and those for Check Cashing and Foreign Currency Exchange were found within Part III of the chapter.

Fees for authorized vendors of businesses licensed under Part II, ch. 560, F.S., have historically been assessed on a per location basis. OFR has been authorized to charge registration fees for each location of an authorized vendor since 2001¹ and renewal fees based on each location since 1994.²

Persons licensed under Part II ch. 560, F.S., may conduct business at one or more locations³ through branches, or through authorized vendors⁴ such as convenience stores which sell their products (e.g., money orders). Authorized vendors may have multiple locations throughout the state. As of January 2009, there were 165 businesses licensed under Part II ch. 560, F.S., with 38,003 authorized locations.⁵

Effect of Proposed Change:

The bill clarifies terminology relating to license application and renewal fees for money services businesses' authorized vendors. It does not impose any new fees. In order to remove any ambiguity regarding the terminology used in assessing fees, the bill replaces the term "appointment", which is not

¹ s. 7, ch 2001-119, Laws of Florida

² s. 2, ch 94-238, Laws of Florida

³ s. 560.103(16), F.S. defines "location" as "a branch office, mobile location, or location of an authorized vendor whose business activity is regulated under this chapter."

⁴ s. 560.103(3), F.S. defines "authorized vendor" as "a person designated by a money services business licensed under part II of this chapter to act on behalf of the licensee at locations in this state pursuant to a written contract with the licensee."

⁵ Office of Financial Regulation Bill Analysis and Fiscal Impact Statement dated March 9, 2009 on file with the Insurance, Business and Financial Affairs Policy Committee.

defined, with "location", a defined term.⁶ Fees have been and will continue to be assessed on a per location basis.

B. SECTION DIRECTORY:

Section 1. Amends s. 560.143(1)(d) and s. 560.143(2)(d), F.S. by revising terminology related to fees for authorized vendors.

Section 2. Amends s. 560.2085(1), F.S. by revising terminology to conform to authorized vendor fees.

Section 3. Provides for an effective date upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

Office of Financial Regulation (OFR) has noted that if "...current law was construed to assess fees based on each authorized vendor rather than each location of an authorized vendor, OFR would lose renewal revenue of approximately \$350,000, and application revenue of \$890,000 in a fiscal year – a total of \$1,240,000 on an annual basis."⁷

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require counties or municipalities to spend funds or take an action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with counties or municipalities.

⁶ s. 560.103(16), F.S.

⁷ Office of Financial Regulation Bill Analysis and Fiscal Impact Statement dated March 9, 2009 on file with the Insurance, Business and Financial Affairs Policy Committee.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES