

February 5, 2024

The Honorable Jeff Longbine, Chairperson  
Senate Committee on Financial Institutions and Insurance  
300 SW 10th Avenue, Room 546-S  
Topeka, Kansas 66612

Dear Senator Longbine:

**SUBJECT:** Fiscal Note for SB 406 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 406 is respectfully submitted to your committee.

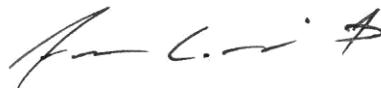
SB 406 would enact the Kansas Money Transmission Act, which would replace the current Kansas Money Transmitter Act. The Act would provide for the licensing requirements and regulation of licensees engaged in money transmission. The bill would define “money transmission” as selling or issuing payment instruments to a person located in Kansas; selling or issuing stored value to a person located in Kansas; receiving money for transmission from a person located in Kansas; or payroll processing services. The Office of the State Bank Commissioner would have administrative authority to administer, interpret, and enforce the act as well as establish consistent licensing practices between Kansas and other states through a multistate licensing process. The bill sets forth various requirements of a licensee including providing different reports and annual financial statements, as well as maintaining a tangible net worth, security in the form of a surety bond or deposit, and permissible investments.

The Commissioner would have the authority to suspend or revoke a license after conducting a hearing in accordance with the Kansas Administrative Procedure Act. SB 406 would also authorize the Commissioner to assess fines of up to \$5,000 per violation, as part of a summary order or consent order. The Commissioner would be allowed to designate any fine collected to be used for consumer education. In addition, a person that intentionally makes a false statement, misrepresentation, or false certification in a record filed under this Act or makes a false entry or omits a material entry in such record would be guilty of a severity level 9, nonperson felony. Any person that engages in activity for which a license is required under this Act and receives more than \$500 in compensation within a 30-day period of the Act, would be guilty of a severity level 9, nonperson felony. If the compensation is less than \$500, the person would be guilty of a class A nonperson misdemeanor. The bill would take effect on January 1, 2025.

The Office of the State Bank Commissioner indicates that SB 406 only modernizes the current Kansas Money Transmitter Act. The agency would use existing resources to implement the bill. The Sentencing Commission indicates SB 406 could have an effect on prison admissions, bed space, and workload of the Commission; however, any fiscal effect would be negligible. The Department of Corrections indicates that any increase in the prison population resulting from SB 406, based on the Kansas Sentencing Commission prison estimates, would be absorbed within the Department's existing resources. The Office of Judicial Administration indicates it would implement HB 2603 using existing resources. Any fiscal effect associated with SB 406 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities both state SB 406 would not have a fiscal effect on the counties and cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt  
Director of the Budget

cc: Barbara Albright, Office of the State Bank Commissioner  
Scott Schultz, Kansas Sentencing Commission  
Trisha Morrow, Judiciary  
Wendi Stark, League of Kansas Municipalities  
Jay Hall, Kansas Association of Counties  
Jennifer King, Department of Corrections