
SUBSTITUTE HOUSE BILL 2661

State of Washington

57th Legislature

2002 Regular Session

By House Committee on Select Committee on Community Security
(originally sponsored by Representative Hurst; by request of Governor
Locke and Attorney General)

Read first time 02/08/2002. Referred to Committee on .

1 AN ACT Relating to licensing and regulating money transmitters and
2 currency exchangers; creating new sections; and providing an expiration
3 date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that it is important
6 for the state to establish a system of licensure and regulation to
7 ensure the safe and sound operation of money transmission and currency
8 exchange businesses, to ensure that these businesses are not used for
9 criminal purposes, to promote confidence in the state's financial
10 system, and to protect the public interest. The legislature also finds
11 that the creation of an effective regulatory scheme will require
12 careful consideration of the current practices of small community-based
13 money transmission or currency exchange businesses, the role such
14 businesses play in local communities, as well as an assessment of the
15 needs and practices of corporate financial institutions. To achieve
16 these ends in a manner that both serves the general public interest and
17 that is sensitive to the needs of smaller communities, the legislature
18 intends to study current business practices regarding both money

1 transmission and currency exchange in this state, and examine pertinent
2 regulatory schemes and policies in other jurisdictions.

3 NEW SECTION. **Sec. 2.** (1) A joint legislative task force on
4 licensing and regulating money transmitters and currency exchangers is
5 established. The joint task force shall consist of ten members of the
6 legislature appointed by the speaker of the house of representatives
7 and the president of the senate as follows:

8 (a) Three members from the majority caucus and two members from the
9 minority caucus of the house of representatives, with at least one
10 member from each caucus being a member of the house financial
11 institutions and insurance committee; and

12 (b) Three members from the majority caucus and two members from the
13 minority caucus of the senate, with at least one member from each
14 caucus being a member of the senate labor, commerce and financial
15 institutions committee.

16 (2) The joint task force shall, when necessary, receive technical
17 assistance from the department of financial institutions, and the
18 department shall make staff available for this purpose. The department
19 shall cooperate with the task force, maintain a liaison representative
20 who is a nonvoting member, and provide appropriate technical or other
21 assistance to small businesses or local, immigrant, or ethnic
22 communities to comply with federal registration requirements dealing
23 with money transmitters and currency exchangers.

24 (3) The joint task force may, when necessary, consult with
25 individuals from the public and private sector or ask such persons to
26 establish an advisory committee.

27 (4) The staff of senate committee services and the office of
28 program research of the house of representatives shall provide
29 administrative and clerical assistance to the joint task force.

30 NEW SECTION. **Sec. 3.** The joint task force shall review, but not
31 be limited to, the following issues:

32 (1) Make recommendations for a system of licensure that is in
33 compliance with federal laws and regulations, and that is responsive to
34 the particular statutory framework of licensure for other money service
35 industries in Washington state;

36 (2) Identify the barriers to licensing, either directly or as an
37 affiliate, that may exist for small community-based businesses or

1 local, immigrant, or ethnic communities which may not typically use
2 traditional financial depository institutions;

3 (3) Identify how money transmission and currency exchange licensing
4 regulations in other states have affected small community-based
5 businesses or local, immigrant, or ethnic communities which may not
6 typically use traditional financial depository institutions in those
7 states, and how other states have addressed issues around technical
8 assistance and access to traditional financial institutions that these
9 businesses and communities face; and

10 (4) Recommend implementation of a regulatory scheme that will
11 minimize adverse impact on small community-based businesses or local,
12 immigrant, or ethnic communities that may not typically use traditional
13 financial depository institutions, and that will minimize disruption to
14 the legitimate purposes for which money transmission and currency
15 exchange services currently operate in these communities.

16 NEW SECTION. **Sec. 4.** The joint task force shall meet as and when
17 it sees fit in order to properly carry out the functions and duties set
18 forth in this act.

19 NEW SECTION. **Sec. 5.** All expenses of the joint task force,
20 including travel, shall be paid jointly by the senate and the house of
21 representatives.

22 NEW SECTION. **Sec. 6.** The joint task force shall report its
23 findings and recommendations to the legislature by December 1, 2002.

24 NEW SECTION. **Sec. 7.** This act expires July 1, 2003.

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