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## FISCAL IMPACT REPORT

**SPONSOR** HSIVC **ORIGINAL DATE** 02/09/17  
**LAST UPDATED** 03/08/17 **HB** 276/HSIVCS

**SHORT TITLE** Check Cashing Service Licensure **SB** \_\_\_\_\_

**ANALYST** Amacher

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
	(\$0-unknown)	(\$0-unknown)	Recurring	Money Services Regulatory Fund (See Fiscal Impacts)

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
Economic Development Department (EDD)  
Regulation & Licensing Department (RLD)

### SUMMARY

#### Synopsis of the HSIVC Substitute

The House State Government, Indian and Veterans Affairs Committee Substitute for House Bill 276 amends Uniform Money Services Act for those engaged in check cashing by increasing the threshold to two thousand five hundred dollars (\$2,500) in a thirty day period. The effective date of this bill is July 1, 2017.

### FISCAL IMPLICATIONS

The Financial Institutions Division (FID) of the Regulation and Licensing Department currently licenses check cashers under the provisions of the Uniform Money Services Act (Act). The licensing provisions of the Act only recently became effective (January 1, 2017). Given that it has been in place for less than two months, FID is not in a position to possess sufficient information to predict the total number of check cashing license applications that would not be received if this legislation is enacted. However, the HSIVC Substitute for HB 276 increases the threshold of the required license from \$500 to \$2,500.

**SIGNIFICANT ISSUES**

The House State Government, Indian and Veterans Affairs Committee Substitute for House Bill 276 amends Uniform Money Services Act (Chapter 58-32-301 through 302 NMSA 1978) in one key area that impacts the business of check cashing. The amendment proposed increases the threshold to two thousand five hundred dollars (\$2,500) in a thirty day period.

Currently, a person who engages in the business of check cashing is not required to maintain a check cashing license unless the person receives *at least* five hundred dollars (\$500) within a thirty day period (Chapter 58-32-301 NMSA 1978). As proposed, this bill would raise the fee to \$2,500 in a thirty day period. A business providing check cashing services for a fee would then not be required to hold a check cashing license unless the business had revenues of \$2,500 or more in a thirty-day period from the fees charged for check cashing.

The Uniform Money Services Act (Act) was enacted in the 2016 New Mexico regular legislative session. The Act outlines specific licensing provisions for a variety of money services that includes check cashing. Licensing of businesses that provide money services began January 1, 2017.

**OTHER SUBSTANTIVE ISSUES**

The Economic Development Department notes that a decrease in license requirements and fee amounts may result in more locations providing the service. Alternatively, the increase in the amount a person/business can cash before being subject to the Uniform Money Service Act may result in an increase of locations cashing less than \$2,500 in checks each 30 days.

The Regulation and Licensing Department (RLD) points out that if the intent of the bill is to allow businesses that occasionally engage in check cashing services to be able to provide those services to customers without being required to hold a check cashing license, then the provision of this bill will certainly accomplish that goal. If such an amendment is made, only those businesses with check cashing revenues of approximately \$24,000 (or more) per year will be required to be licensed as check cashers. Any business engaged in that level of continuous check casing service would clearly fall within the scope of true “check cashing” as noted by RLD; such operations are regulated by the Uniform Money Services Act. RLD indicates that this change to the law could be made without any amendment necessary to the licensing application fee and original annual fee being made.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The costs associated with establishing a check cashing business will remain at current levels; licensure and applications fees will remain at \$2,000 each fee, and the threshold will remain at \$500.

JMA/jle/sb