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## FISCAL IMPACT REPORT

SPONSOR Munoz ORIGINAL DATE 3/01/17  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Check Cashing Threshold Revenue Requirement SB 377

ANALYST Downs

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$0.0	\$20.0-\$80.0	\$20.0-\$80.0	\$40.0-\$160.0	Recurring	Various

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

Regulation and Licensing Division (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 377 amends the provision of the Uniform Money Services Act dealing with check cashing licenses, by raising the threshold of revenues for check cashing services a person may charge in a thirty day period before being required to obtain a check cashing license from the current \$500.0 threshold to \$2.5 thousand. Currently, the section specifies that 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 within a thirty-day period. The changes proposed by Senate Bill 377 would mean a business providing check cashing services for a fee would not be required to hold a check cashing license unless the business had revenues of \$2.5 thousand or more in a thirty-day period.

### FISCAL IMPLICATIONS

According to the Regulation and Licensing Division, there is insufficient information to predict the total number of check cashing license applications that would not be received as a result of increasing the threshold. For each license application not received, the Financial Institutions Division would forgo \$4 thousand in initial licensing fees. Regulation and Licensing Division provided this table to depict the loss of revenue depending on how many licensing application fees are lost:

5 License Applications	\$20 thousand
10 License Reduction	\$40 thousand
20 License Reduction	\$80 thousand

### **SIGNIFICANT ISSUES**

The Regulation and Licensing Division provided the following commentary on Senate Bill 377:

The Uniform Money Services Act was passed into law during the 2016 regular legislative session. It contains specific licensing provisions for a variety of money services businesses including money transmitters, money exchangers, and check cashing. Licensing of money services businesses under the Uniform Money Services Act began on January 1, 2017. Shortly after passage, questions began to arise from a number of local business owners, including owners of convenience stores, grocery stores and pawn shops, regarding licensure as a “check casher” under the Act. Many of these local business owners have been providing check cashing services to customers and local residents as a convenience (and in some locations arguably as a necessity) due to a scarcity of nearby financial institutions offering check cashing services. Other local business owners have customers who do not routinely utilize traditional banking institutions and simply prefer to cash checks through local businesses. A concern of many of these business owners centered on what they perceived as a low revenue dollar-amount threshold for the necessity of holding a check cashing license (\$500 in a 30-day period) versus the application fee (\$2,000) and original licensing fee (\$2,000) to obtain a license.

JD/sb