

FISCAL NOTE TO
SENATE, No. 2201

STATE OF NEW JERSEY

DATED: September 29, 1997

Senate Bill No. 2201 of 1997 provides for the licensing and regulation of persons engaged in the business of money transmission. Currently these activities are regulated under R.S.17:15-1 et seq. for foreign money transmitters and under "The Check Selling Law," P.L.1964, c.273 (C.17:15B-1 et seq.).

Under the bill, a license is valid for two years. The bill requires the Commissioner of Banking and Insurance to set a license fee, which is not greater than \$4,000 for that two-year period.

The bill also authorizes the commissioner to enforce the provisions of the bill and provides for the imposition of civil and criminal penalties for a violation of any of its provisions.

The Department of Banking and Insurance estimates that implementation of the bill will not impact negatively upon the licensing revenues of the Division of Banking, and could, depending upon the levels of fees adopted, result in an increase in the division's anticipated revenues.

According to the department, under current law, anticipated revenues from the renewal of the existing categories of licensure, foreign money remitter and check seller, are expected to total \$148,000, of which one half will be reflected in FY 1998 and one half will be deferred until FY 1999 given the biennial fee structure. This estimate includes \$124,000 from the licensing of 124 foreign money remitter offices at \$1,000 per license and \$24,000 from the licensing of 20 check seller offices at \$1,200 per license.

By comparison, the department estimates biennial revenues of approximately \$143,400 for the new category of licensure, money transmitter, including \$132,000 from the licensing of 88 money transmitter offices at \$1,500 per license plus \$11,400 in registration fees from known money transmitter delegates. However, the department's estimate does not include additional anticipated revenue from unknown delegates or locations which will become subject to registration, or new entities requiring licensure as domestic money remitters and third party bill payors. Moreover, while existing licensing fees are set at the current statutory maximums (where they have been since 1991), estimated revenues for the proposed category of licensure are assumed to be well below the proposed maximums. Thus, if necessary, the department could, by regulation, establish fees at a level higher than that which is assumed in its estimate in order to maintain the current level of revenues.

The department further projects that implementation of the bill will require the services of one clerical support position, modification of its computer licensing system and the development and printing of new applications and instructional materials relevant to the new license. Although the department did not provide a cost estimate for these items, the department categorizes these expenses as relatively minor.

The Office of Legislative Services concurs with the department's estimate, but notes that the expenses cited by the department will offset projected revenues.

This fiscal note has been prepared pursuant to P.L.1980, c.67.