

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR**

**Eighty-Second Session  
February 15, 2023**

The Committee on Commerce and Labor was called to order by Chair Elaine Marzola at 1:30 p.m. on Wednesday, February 15, 2023, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Elaine Marzola, Chair  
Assemblywoman Sandra Jauregui, Vice Chair  
Assemblywoman Shea Backus  
Assemblyman Max Carter  
Assemblywoman Bea Duran  
Assemblywoman Melissa Hardy  
Assemblywoman Heidi Kasama  
Assemblywoman Daniele Monroe-Moreno  
Assemblyman P.K. O'Neill  
Assemblywoman Selena Torres  
Assemblyman Steve Yeager  
Assemblyman Toby Yurek

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Marjorie Paslov-Thomas, Committee Policy Analyst  
Sam Quast, Committee Counsel  
Joe Steigmeyer, Committee Counsel



Cyndi Latour, Committee Manager  
Julie Axelson, Committee Secretary  
Garrett Kingen, Committee Assistant

**OTHERS PRESENT:**

Sandy O’Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry  
Mary Young, Deputy Commissioner, Division of Financial Institutions, Department of Business and Industry  
Jimmy Lau, representing Intuit  
Michael Hillerby, representing Mastercard Inc.

**Chair Marzola:**

[Roll was called and Committee rules and protocols explained.] Welcome, everyone who is here in Carson City, everyone in Las Vegas, and everyone listening over the Internet. Today, we are hearing Assembly Bill 21, and I will open the hearing on Assembly Bill 21. This measure revises provisions related to persons engaged in the transmission of money and certain related activities. Sandy O’Laughlin and Mary Young from the Division of Financial Institutions of the Department of Business and Industry are here to present.

**Assembly Bill 21: Revises provisions related to persons engaged in the transmission of money and certain related activities. (BDR 55-273)**

**Sandy O’Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry:**

I am Sandy O’Laughlin, Commissioner for the Division of Financial Institutions (FID) of the Department of Business and Industry. With me is Deputy Commissioner Mary Young. I am here to present Assembly Bill 21, which revises various provisions of existing law concerning money transmission. This bill adopts the Money Transmission Modernization Act (MTMA), which is a set of nationwide standards and requirements for money transmission. I will use MTMA throughout my testimony.

Currently, each state has its own laws and rules to license and regulate money transmission. The variation among 50 states has resulted in inconsistent standards, creating an unnecessarily complex compliance environment for companies operating in multiple states. To create a single set of standards, the Conference of State Bank Supervisors (CSBS) adopted requirements and tasked a group of regulators and industry representatives with drafting legislative language reflecting the high standards. The result is a risk-focused model law that will enable an integrated system of licensing and supervision across the state system. All states are encouraged to adopt MTMA to implement clear and consistent standards across the state system.

Nevada law, *Nevada Revised Statutes* (NRS) Chapter 671, is antiquated and in desperate need of modernization to enable the FID to supervise a complex and growing industry with modern laws and standards. The MTMA intends to strengthen consumer protections through enhanced practical standards and modernized safety and soundness requirements to ensure customer funds are protected in an environment that supports competitive business practices and establishes a common baseline nationwide, making it easier for industry to comply with state law, operate across state lines, and ensure states can coordinate in all areas of regulations, licensing, and supervision to eliminate unnecessary regulatory burden and more effectively utilize regulatory resources. These changes will benefit industry by providing clear, transparent, and strong regulatory requirements that are uniform across the states. Furthermore, the industry worked with CSBS and played an essential role in developing the final standards implemented in MTMA. Their cooperation and collaboration informed the process and led to the final product that supports innovative business practices while ensuring a safe and sound supervisory system. The MTMA will benefit consumers, industry, and the FID. Chair Marzola, due to the length of the bill, would you like me to summarize each section of the bill or go directly to the amendments [[Exhibit C](#)]?

**Chair Marzola:**

Can you please go through each section?

**Sandy O’Laughlin:**

Sections 4 through 32 define words and terms for the purposes of this bill. Section 33 determines the requirements to establish when a transaction involving money transmission takes place in this state versus out of state. Sections 34 and 35 allow the Division to exempt a person not specified in the chapter and request documentation demonstrating why the person qualifies for the exemption. Section 36, subsection 1, allows the Division to enter into agreements with other government officials, state and federal regulator agencies, and regulatory associations to improve efficiencies and reduce regulatory burden as well as accept examinations, audits, and investigation reports. We are proposing an amendment [[Exhibit C](#)] to remove subsection 2, the last sentence of this section. Sections 37 and 82 make certain information and documents confidential and set forth the circumstances under which information and documents may be disclosed. Sections 38 and 40 revise requirements regarding the remittance of money, credits, and monetary value by the person who engages in money transmission on behalf of a licensee as an authorized delegate. Section 39 provides that a person who engages in the business of money transmission on behalf of an unlicensed person who is not exempt from licensure is jointly liable. Sections 40 through 44 set forth the certain requirements related to transactions involving money transmission. Section 45 requires a licensee to maintain, at all times, permissible investments with the market value of not less than an aggregate amount of all outstanding money transmission obligations. Sections 46 and 47 set forth the investments that qualify for permissible investments. Section 48 authorizes the Division to suspend or revoke a license if the licensee does not continue to meet the requirements for a license. Section 49 requires a licensee to always maintain a net worth in a specified amount.

Sections 50, 51, and 52 set forth the process of seeking approval from the Division for the change of control of a current licensee and what persons are not required to comply with these requirements. We are proposing to remove section 50, subsection 2, paragraph (b). Section 53 requires notification to the Division if a licensee adds or replaces a key individual. Section 54 authorizes the Division to participate in certain multistate supervisory processes. Section 55 provides that if the provision of this bill is inconsistent with the federal law governing money transmission, the federal law governs to the extent of the inconsistency. Sections 56 through 61 impose certain requirements concerning reporting and recordkeeping.

Section 62 authorizes the Division to issue an order suspending or revoking a designation of an unauthorized delegate under certain circumstances. Section 63 authorizes the Division to issue a cease-and-desist order to an authorized delegate for violations. Section 64 authorizes the Division to resolve matters that arise from violations through a consent order. Section 65 requires the consideration to promote uniformity of the law with respect to money transmission. Section 66 covers persons the chapter does not apply to. We are proposing an amendment [\[Exhibit C\]](#) to add to this section. Section 67 prohibits a person from engaging in the business of money transmission unless the person has been issued a license by the Division or is an authorized delegate of a licensee. Section 68 sets forth certain requirements for an application for a license. Section 69 sets forth the circumstances under which the Division is required to issue a license to an applicant.

Section 70 sets forth requirements for the renewal of a license. Section 71 makes a conforming change to refer to an authorized delegate instead of the duly appointed agent as in current law. Section 72 states the Division may implement the provisions of this chapter in a manner that is consistent with all states that have adopted similar laws and participate in the nationwide protocols for licensing, cooperation, and coordination among state regulators. Section 73 requires additional information to be submitted to the Division through the nationwide multistate licensing system and revises the list of persons required to submit fingerprints or other information. Section 74 sets forth the requirements and amount for a surety bond. We are proposing an amendment [\[Exhibit C\]](#) to revise section 74, subsections 1 and 2.

Section 75 revises provisions related to examinations for licenses. Sections 76 and 77 are sections that would be removed in their entirety in the amendment [\[Exhibit C\]](#). Section 78 authorizes the Division to conduct investigations and hearings to determine if an authorized delegate violated the chapter. Section 79 revises the list of acts that constitute grounds for suspension, revocation, or denial of renewal of a license. Section 80 added a new subsection but is in error. We are proposing an amendment [\[Exhibit C\]](#) to remove section 80, subsection 2. Section 81 provides that a person who, without a license, engages in any activity for which a license is required is guilty of a misdemeanor. Section 82 amends NRS Chapter 239.010 to incorporate section 37, the confidentiality section in this bill. Section 83 allows a licensee in existence prior to July 1, 2023, to operate under existing law until January 1, 2024. Section 84 repeals certain provisions of NRS Chapter 671. Section 85 establishes the effective date.

That sums up all the sections. I will go to the amendments [[Exhibit C](#)]. These amendments are to address items inadvertently left off the bill by the Division or in a drafting error. Section 36, subsection 2, lines 29 through 32, removes the last sentence of this section. The Division does not intend to charge the industry fees that have already been established in current law. Section 50, subsection 2, paragraph (b), lines 6 and 7, removes the subsection in its entirety. The Division does not intend to charge the industry fees that are not already established in current law. Section 66, subsection 1, lines 30 and 31, adds "or any subsidiary thereof" back into the bill language. Section 74, subsections 1 and 2, lines 1 through 11, revises the language for the average daily money transmission liability. Section 76, lines 28 through 35, removes this section in its entirety. Section 77, lines 36 through 43 on page 46 and lines 1 through 17 on page 47, removes the section in its entirety. Section 80, subsection 2, lines 42 through 45 on page 49 and lines 1 through 6 on page 50, removes the subsection in its entirety. The Division does not intend to charge the industry fees that have already been established in current law. I am available to answer any questions from Committee members.

**Assemblywoman Jauregui:**

I know you have around 119 entities that would qualify to be licensed under this. Will you be able to collect fees under a different structure in your Division for this new license, or will you not be collecting any fees whatsoever for these new licenses that are being issued?

**Sandy O'Laughlin:**

If I understand the question correctly, the fees that are in place currently are not going to change, and we are not adding any additional fees to any of the licensees in this bill.

**Assemblywoman Jauregui:**

For this new license that you are issuing, will you be able to collect any fees?

**Sandy O'Laughlin:**

This is for our existing NRS Chapter 671 license. We have incorporated it into the existing chapter, so it is not a new set of licenses.

**Assemblywoman Jauregui:**

If we could go to section 66, my question is on subsection 2. Relating this back to my professional day job, I know that excluded from this, it says, companies that offer settlement services, so that includes any types of escrow companies. Subsection 3 of that says any "payee to collect and process a payment from a payor to the payee . . ." Would that also exclude any property managers? That is in section 66, subsections 2 and 3.

**Mary Young, Deputy Commissioner, Division of Financial Institutions, Department of Business and Industry:**

To answer your first question, if I heard you correctly, for section 66, subsection 2, that would refer to a payment processor. Section 66, subsection 3, would apply to anyone who is appointed as an agent of a payee by contract. It depends on the exact contract and what the relationship is. Can you repeat your exact question for me again, please?

**Assemblywoman Jauregui:**

I noticed subsection 2 specifically excludes any entities considered settlement services. However, escrow, when it comes to a real estate transaction, is considered a settlement service. I want to make sure they would be excluded under the provisions of this subsection.

**Mary Young:**

Yes, that is correct. They would be.

**Assemblyman Yeager:**

My questions are based on the amendments [[Exhibit C](#)]. It looks to me, in removing parts of section 36 and parts of section 50, that presumably removes the two-thirds requirement on the bill because those are the sections referenced for the two-thirds requirement. In the proposed amendment, in section 36, subsection 2, it takes away the language, "the Commissioner may impose and collect proportionate and equitable fees and costs associated with any actions required to achieve the purposes of this chapter." Is it that you do not think you need to collect additional fees to achieve the purposes of this chapter, or are those fees being collected elsewhere in the regulatory scheme you are already using?

**Sandy O'Laughlin:**

That is correct. Our fee structure is in place, and we do not need additional fees in order to take the modernization act.

**Assemblyman Yeager:**

My next question is in the last amendment [[Exhibit C](#)] you are proposing in section 80, subsection 2. I notice in section 80 there is already the ability to "impose an administrative fine of not more than \$10,000 upon" somebody. The language that is proposed to be deleted in the bill is language that gives you permission to essentially be able to issue an additional civil penalty but also to recover the reasonable costs of enforcing the section, including investigation and prosecution. My thought initially was if someone is violating this provision, you ought to be able to recover your reasonable costs associated with prosecuting or rectifying that violation, including fees and costs. Do you already have that ability under current statute? I would hate to see that taken out and have to take those funds from somewhere else in the budget rather than recovering from someone who is violating the provisions.

**Sandy O'Laughlin:**

Yes, that is part of our current statute. We do collect for that.

**Assemblywoman Backus:**

I am going to follow off what Assemblyman Yeager was asking on some of the amendments. Another amendment that you were indicating was being made was to, I believe, sections 76 and 77. I may have been mistaken, but were you deleting section 76 in the first part as part of the amendment?

**Sandy O'Laughlin:**

Yes, we are eliminating that.

**Assemblywoman Backus:**

I wanted to make sure. With respect to that deletion, why is it that you are removing having the rates be put up on the Internet and limited to postings?

**Sandy O'Laughlin:**

That falls under Regulation E, and how those fees can be disclosed. Regulation E is very clear, so we did not put it in here. It is on the receipts.

**Assemblywoman Backus:**

Maybe I misunderstood because when I was reading section 76, I had taken this as the licensees' rates being charged and not actually the regulatory fees that are being imposed. That would be covered under the *Nevada Administrative Code*. Maybe that is where I misunderstood this. Is this section applicable to your governing board as opposed to the licensees?

**Mary Young:**

That section was for our licensees to comply with. It was for the licensees to post or disclose, to a consumer, the fees before they charged the fees on the receipt. Regulation E will now cover that.

**Assemblywoman Backus:**

If I may direct you to page 11, section 37 of the bill. This pertains to what is to be maintained as confidential. There is the caveat that allows the Division to go ahead and make certain information public, although one cannot subpoena such information, and I was confused by that. I was hoping I could have an example of what the commission may find to be disclosed as part of the public interest versus the broad subsection that precludes such information as being disclosed pursuant to a subpoena. With that, I looked at the website and I was unable to find a list of licensees, and I was not sure if that is made publicly available. It seems like in another provision, that kind of information could be made available to the public.

**Sandy O'Laughlin:**

Can you give me that section again? You said page 11.

**Assemblywoman Backus:**

Section 37.

**Sandy O'Laughlin:**

Are you asking about the information we provide to the public versus what we will provide for a subpoena?

**Assemblywoman Backus:**

Yes. I will repeat it if that is helpful. Under section 37, subsection 1, it makes it explicit that information is to be maintained confidential, even to the point that such information could not be secured via a subpoena. I am not sure how broad that is intended, if it is to be inclusive of civil subpoenas as well as criminal subpoenas. Then subsection 2 turns around and negates that provision in section 37, subsection 2, paragraphs (a) and (b), where it says, "the Commissioner finds that justice and the public advantage will be served by the disclosure of the information." I was asking for an example of when that would happen because to me, it is quite unique.

**Sandy O'Laughlin:**

Can I get that information back to the Committee members?

**Chair Marzola:**

Please provide that information to the committee secretary.

**Assemblywoman Torres:**

Obviously, this has to do with large transactions, maybe between businesses. I believe in section 43, page 16 of the bill, it does focus on when forms must be available in other languages. What other companies might this apply to?

**Sandy O'Laughlin:**

Do you mean outside of the money transmission business?

**Assemblywoman Torres:**

Can you give some practical examples to make sure I am understanding it correctly so I can ask a follow-up question?

**Mary Young:**

For section 43, subsection 2, that is talking about the receipt required by this section to be given to the actual consumer that is transmitting money. Normally, it is a consumer, and it would be any business that is using the transmission services. It can be for bill pay. It could cover a large number of companies, but specifically, the money transmitters would be the ones that are issuing those receipts.

**Assemblywoman Torres:**

I guess the question I have in section 43, subsection 2, paragraph (a) is regarding the receipt being "in English and, if different, the language principally used by the licensee or authorized delegate." It says used "to advertise, solicit . . . ," and only when it is done that it is principally used for that. Is that going to be in every instance in which an organization is working with communities? I imagine if there is any type of work being done in a predominantly Spanish-speaking community, for example, it will require this then to be translated. It does say "principally used." I want to make sure it is very clear that those forms have to be available because oftentimes what happens with a lot of these banking forms is an individual will go to the bank and then be told to sign here and somebody



translates orally. I do not know if I am comfortable with that language using "orally" because somebody, depending on their Spanish, might not be able to properly translate or provide those services, and somebody is misunderstanding but still signing a contract.

**Sandy O'Laughlin:**

We could address that in the regulation. We could also take out "orally."

**Assemblywoman Jauregui:**

Could you give us an example of some money transmitters, some names of companies that we would be familiar with, so we can understand what kinds of entities this bill would regulate?

**Mary Young:**

Some of our biggest licensees would be Western Union, MoneyGram, PNP [Pick n Pay], Square, Circle, PayPal, and SoFi. There are a lot of big companies, and there are a lot of smaller ones within our state. Those are the big ones you would recognize.

**Assemblywoman Jauregui:**

Would this regulate William Hill Sports Book as a money transmitter?

**Sandy O'Laughlin:**

I do not believe we have William Hill as one of our money transmitters.

**Chair Marzola:**

Are there any other questions? [There were none.] We will open up testimony in support of A.B. 21. Is there anyone in support?

**Jimmy Lau, representing Intuit:**

We submitted a letter in support of the measure [[Exhibit D](#)]. We would like to thank FID for bringing forward this bill. We think it is a good move to standardize the licensure formats across multiple states.

**Michael Hillerby, representing Mastercard Inc.:**

We are here today in support of the bill. We would like to thank Commissioner O'Laughlin and her colleagues at the Conference of State Bank Supervisors for coming up with the MTMA. It is important we provide strong, consistent regulatory rules for both consumers and businesses across the country, and to protect the important role that state regulators have against federal encroachment. This bill does all of that and sets a very clear set of rules. We think it is a very positive step forward. Thank you very much for your support.

[Letters in support, [Exhibit E](#), [Exhibit F](#), [Exhibit G](#), and [Exhibit H](#) were submitted but not discussed and will become part of the record.]

**Chair Marzola:**

Is there anyone else in support of A.B. 21? [There was no one.] Is there anyone in opposition to A.B. 21? [There was no one.] Is there anyone in the neutral position on A.B. 21? [There was no one.] Commissioner O'Laughlin, would you like to make any closing remarks?

**Sandy O'Laughlin:**

I want to thank you and the Committee members for allowing me to present A.B. 21. We appreciate the questions and look forward to this moving on.

**Chair Marzola:**

Thank you. I will close the hearing on Assembly Bill 21. I will now open up public comment. [There was none.]

Committee members, do you have any questions? [There were none.] That concludes our meeting today. Our next meeting will be Monday, February 20, 2023, at 1:30 p.m. This meeting is adjourned [at 2:08 p.m.].

RESPECTFULLY SUBMITTED:

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Julie Axelson  
Committee Secretary

APPROVED BY:

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Assemblywoman Elaine Marzola, Chair

DATE: \_\_\_\_\_

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is proposed amendments to [Assembly Bill 21](#), submitted and presented by Sandy O'Laughlin, Commissioner, Division of Financial Institutions, Department of Business and Industry.

[Exhibit D](#) is a letter to the Assembly Committee on Commerce and Labor, dated February 13, 2023, signed and submitted by Dan Oseran, Vice President and Chief Compliance Officer, Intuit, in support of [Assembly Bill 21](#).

[Exhibit E](#) is a letter to the Assembly Commerce and Labor Committee, dated February 9, 2023, signed and submitted by Kathy Tomasofsky, Executive Director, Money Services Business Association, Inc., in support of [Assembly Bill 21](#).

[Exhibit F](#) is a letter dated December 8, 2022, from the Electronic Transactions Association, the Money-Services Business Association, the Financial Technology Association, TechNet, and the Money Services Round Table, in support of [Assembly Bill 21](#).

[Exhibit G](#) is a letter dated February 14, 2023, submitted by Rina Wulfing, North American Policy and Campaigns Senior Manager, Wise, in support of [Assembly Bill 21](#).

[Exhibit H](#) is a letter dated February 16, 2023, signed and submitted by Adam Fleisher, Counsel, The Money Services Round Table, in support of [Assembly Bill 21](#).