

ONE HUNDRED NINTH LEGISLATURE - FIRST SESSION - 2025
COMMITTEE STATEMENT
LB473

Hearing Date: Tuesday February 18, 2025
Committee On: Banking, Commerce and Insurance
Introducer: Banking, Commerce and Insurance
One Liner: Change provisions of the Nebraska Money Transmitters Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 8 Senators Bostar, Dungan, Hallstrom, Hardin, Jacobson, Riepe, Wordekemper, von Gillern
Nay:
Absent:
Present Not Voting:

Testimony:

Proponents:
Senator Mike Jacobson
Kelly Lammers

Representing:
Opening Presenter
Nebraska Department of Banking and Finance

Opponents:

Representing:

Neutral:
John Lindsay

Representing:
Independent Payroll Providers Association

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 473, introduced at the request of the Nebraska Department of Banking and Finance (Department), amends the Nebraska Money Transmitters Act (Act) which is under the jurisdiction of the Department. The bill would effectively repeal and replace the current Act (Neb. Rev. Stat. §§ 8-2701 to 8-2747), although certain provisions of the current Act have been incorporated into the bill.

The current Act is based on a model law which was enacted in 2013. This bill updates the Act to conform to the current model law, the Money Transmission Modernization Act.

Section-by-Section Summary:

Section 1: Amends Neb. Rev. Stat. § 8-602, which authorizes the Department to collect certain fees for handling pledged securities, to remove a reference to section 8-2727 of the current Act because this bill removes the ability of applicants and licensees to pledge securities in lieu of maintaining a surety bond. No licensees or applicants currently



pledge securities.

Section 2: Amends section 8-2701 of the Act to reference the new Act's citation sections (8-2701 to 8-2742 rather than 8-2701 to 8-2747) because sections 8-2743 through 8-2747 are outright repealed.

Section 3: Amends section 8-2702 of the Act to incorporate the new definitions of the model act into this section.

Section 4: Amends section 8-2703 of the Act to describe the persons exempt from licensure under the Act.

Section 5: Amends section 8-2704 of the Act to allow the Director of the Department of Banking and Finance (Director) to require persons seeking an exemption to demonstrate to the Director that they qualify for an exemption.

Section 6: Amends section 8-2705 of the Act to authorize the Director to administer, interpret, and enforce the Act, including entering into agreements with other regulators to improve efficiency and accept reports from other agencies.

Section 7: Amends section 8-2706 of the Act to provide certain protections for reports obtained by the Director from an applicant, authorized delegate, or licensee related to an examination or investigation and deemed not to be public records. This section allows the Director to disclose information to a representative of a state or federal agency who agrees to maintain its confidentiality.

Section 8: Amends section 8-2707 of the Act to authorize the Director to conduct examinations or investigations to administer and enforce the Act, and authorize the Director to issue an administrative fine of not more than five thousand dollars for each separate violation of the Act and the costs of investigation after notice and opportunity for hearing.

Section 9: Amends section 8-2708 of the Act to authorize the Director to participate in multistate supervisory actions, including entering into information-sharing agreements with state and federal governmental agencies.

Section 10: Amends section 8-2709 of the Act to require a nonexempt person to be licensed prior to offering money transmission services.

Section 11: Amends section 8-2710 of the Act to authorize the Director to establish consistent licensing between Nebraska and other states as well as to contract with the Nationwide Mortgage Licensing System and Registry for all aspects of license applications, changes of control, surety bonds, reporting, criminal history background checks, credit checks, fee processing, and examinations.

Section 12: Amends section 8-2711 of the Act to set forth the materials required to be filed by an applicant and increases the application fee from one thousand dollars to one thousand five hundred dollars.

Section 13: Amends section 8-2712 of the Act to establish background information requirements for persons in control of licensees or applicants and key individuals including the furnishing of criminal history background checks through the Nationwide Mortgage Licensing System and Registry.

Section 14: Amends section 8-2713 of the Act to establish the process for approving, conditionally approving, or denying a license application, and to establish a process to abandon incomplete applications after one hundred twenty days.

Section 15: Amends section 8-2714 of the Act to establish the annual renewal process for licenses and increases the renewal fee from two hundred fifty dollars to seven hundred fifty dollars.



Section 16: Amends section 8-2715 of the Act to authorize the Director to suspend or revoke a license if the requirements under the Act are not being met by the licensee.

Section 17: Amends section 8-2716 of the Act to establish the process for persons seeking to acquire control of a licensee under the Act and sets a fee of one thousand five hundred dollars for the request for change of control.

Section 18: Amends section 8-2717 of the Act to establish the requirements for a licensee adding or replacing any key individual.

Section 19: Amends section 8-2718 of the Act to establish the filing of quarterly reports of condition (also commonly known as call reports) by licensees.

Section 20: Amends section 8-2719 of the Act to require licensees to provide an audited financial statement to the Department within ninety days after the end of each fiscal year.

Section 21: Amends section 8-2720 of the Act to require licensees to file a quarterly report of authorized delegates through the Nationwide Mortgage Licensing System and Registry.

Section 22: Amends section 8-2721 of the Act to require licensees to file certain reports upon the occurrence of certain triggering events.

Section 23: Amends section 8-2722 of the Act to require licensees and authorized delegates to file reports required by federal currency reporting, record-keeping, and suspicious activity reporting under federal and state laws.

Section 24: Amends section 8-2723 of the Act to establish the maintenance of certain records for a period of at least five years and authorizes the Director to review such records.

Section 25: Amends section 8-2724 of the Act to establish the requirements an authorized delegate must meet prior to conducting business for a licensee.

Section 26: Amends section 8-2725 of the Act to prohibit a person from engaging in the business of money transmission on behalf of an unlicensed or nonexempt person.

Section 27: Amends section 8-2726 of the Act to require licensees to forward all money received for transmission in accordance with the terms of the agreement between the licensee and sender unless fraud or criminal activity is suspected to be occurring.

Section 28: Amends section 8-2727 of the Act to require licensees to refund senders all money received for transmission within ten days of a written refund request, unless one of the enumerated exceptions in the section applies.

Section 29: Amends section 8-2728 of the Act to establish the requirements that a receipt for money transmission must include.

Section 30: Amends section 8-2729 of the Act to establish requirements for payroll processing services regarding the paystubs provided to employees.

Section 31: Amends section 8-2730 of the Act to establish the net worth requirements for licensees.



Section 32: Amends section 8-2731 of the Act to set forth the surety bond requirements for a licensee.

section 33: Amends section 8-2732 of the Act to require that a licensee maintain sufficient permissible investments to satisfy its outstanding money transmission obligations.

Section 34: Amends section 8-2733 of the Act to set forth the types of permissible investments a licensee may maintain to meet the requirements of Section 8-2732.

section 35: Amends section 8-2734 of the Act to authorize the Director, following a hearing, to suspend or revoke a license or order revocation of the designation of an authorized delegate for cause.

Section 36: Amends section 8-2735 of the Act to set forth the criteria the Director may consider when suspending or revoking the designation of an authorized delegate and to provide for procedures by which to apply for relief.

Section 37: Amends section 8-2736 of the Act to authorize the Director to issue a cease and desist order against a licensee or authorized delegate under certain circumstances and to provide opportunity for hearing or judicial relief.

Section 38: Amends section 8-2737 of the Act to authorize the Director to enter into consent orders to resolve matters under the Act.

Section 39: Amends section 8-2738 of the Act to establish that any person violating the Act is guilty of a Class III misdemeanor, and to provide that any person who conducts unlicensed activity or intentionally makes a false statement, misrepresentation, or false certification in a record or intentionally makes a false entry or omits a material entry in a record is guilty of a Class I misdemeanor.

Section 40: Amends section 8-2739 of the Act to authorize the Director to assess a fine against a person violating the Act not to exceed five thousand dollars per violation per day for each day the violation is outstanding.

Section 41: Amends section 8-2740 of the Act to authorize the Director to issue a cease and desist order against a person conducting unlicensed money transmission activity and to provide opportunity for hearing and judicial relief.

Section 42: Amends section 8-2741 of the Act to transfer the provisions of current section 8-2747, which provides for the distribution of the fees, charges and costs collected by the Department pursuant to this section. The text is unchanged; the section is simply transferred.

Section 43: Amends section 8-2742 of the Act to describe the references to federal law cited in the Act.

Section 44: Amends section 8-3025 of the Nebraska Financial Innovation Act, which establishes when a digital asset depository has failed to comply with an order, to harmonize by changing section 8-2743 to section 8-2740.

Section 45: Amends section 8-3027 of the Nebraska Financial Innovation Act, which establishes when a digital asset depository may be liquidated, to harmonize by changing section 8-2743 to section 8-2740.

Section 46: Provides the operative date of October 1, 2025.

Section 47: Repeals original sections being amended.

Section 48: Outright repeals sections 8-2743, 8-2744, 8-2745, 8-2746, and 8-2747.



Explanation of amendments:

AM 217 amends section 8-2728 of LB 473 to allow licensees or their authorized delegates to omit the department's name and telephone number, as well as the statement regarding customer complaint procedures, from money transmission receipts. This exception applies only if the aforementioned information is readily available on the licensee's website or mobile application.

Mike Jacobson, Chairperson

