

HB 2419 A STAFF MEASURE SUMMARY

Carrier: Rep. Holvey

House Committee On Business and Labor

Action Date: 04/08/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Barker, Barreto, Boles, Bonham, Boshart Davis, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Fiscal: No fiscal impact

Revenue: No revenue impact

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 2/4, 4/8

WHAT THE MEASURE DOES:

Provides authority to Department of Consumer and Business Services (DCBS) to use Nationwide Multistate Licensing System when issuing or renewing licenses for collection agencies, consumer finance lenders, title loan lenders, and payday loan lenders. Authorizes DCBS to collect fingerprints for certain applicants of following license types: collection agencies, debt management service providers, and money transmitters. Becomes operative January 1, 2020. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- History of Nationwide Multistate Licensing System (NMLS)
- NMLS background checks are based on fingerprints and run through FBI system
- Which people associated with the business should be subjected to fingerprint-based background check

EFFECT OF AMENDMENT:

Removes proposed requirement that applicant for consumer finance lender license, title loan lender license, and payday loan lender license submit fingerprints for each individual with ownership interest in the applicant and for each individual with supervisory authority over applicant's activities.

BACKGROUND:

The Nationwide Multistate Licensing System (NMLS) is the system of record for non-depository financial services licensing and registration used by participating states. The system allows for improved coordination and information sharing among regulators, increased efficiency for the industry, and enhanced consumer protection. The Department of Consumer and Business Services (DCBS) currently has explicit statutory authority to use the NMLS when issuing and renewing licenses for debt management service providers and money transmitters. This allows DCBS to require applicants to submit application forms through the NMLS.

House Bill 2419-A provides DCBS with the same authority to use the NMLS for four additional licensing programs: collection agencies, consumer finance lenders, title loan lenders, and payday loan lenders. The measure also provides DCBS with the statutory authority needed to require fingerprints of license applicants for collection agencies, debt management service providers, and money transmitters.