

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 512
Economic Matters

(Delegate Moe, *et al.*)

Check Cashing Services - Licensing - Exemptions

This bill alters the exemptions from the licensure requirements for check cashing services by: (1) repealing the provision authorizing check cashing services that are incidental to retail sales to charge a fee; and (2) specifying that check cashing services performed by a person who cashes payment instruments with a total value of less than \$1,000 on any day are exempt.

Fiscal Summary

State Effect: Enforcement could be handled with the existing budgeted resources of the Commissioner of Financial Regulation.

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: Unless specifically exempted, a person must obtain a license to provide check cashing services in the State or be an exempt entity. A separate license is required for each place of business where the services are provided. Exempt entities under licensure provisions for check cashing services include State or federally-chartered banks, savings and loan institutions, credit unions, most out-of-state banks, and the affiliates of these institutions under specified conditions.

Businesses that are not exempt entities but provide check cashing services are exempt from the licensure requirements if: (1) the services are incidental to retail sales and the fee is limited to 1.5% of the face value of each payment instrument cashed; (2) the customer presents a payment instrument for the exact amount of a purchase; or (3) the transaction involves a foreign currency exchange or cashing an instrument drawn on a financial institution other than a federal, State, or other state financial institution.

Small Business Effect: The bill could subject additional small businesses that perform check cashing services to licensure requirements under the Commissioner of Financial Regulation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2003
ncs/jr

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