

# HOUSE BILL 1216

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By: **Delegates Washington, Barron, Bridges, Fennell, W. Fisher, and Glenn**

Introduced and read first time: February 8, 2019

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – Check Cashing Services – Licensing**

3 FOR the purpose of repealing an exemption for certain check cashing services from the  
4 requirement to be licensed; increasing the license fee for a check cashing service;  
5 providing for the deposit of portions of the license fees in the Nondepository Special  
6 Fund and the Financial Awareness Fund; establishing the Financial Awareness  
7 Fund as a special, nonlapsing fund; requiring the Commissioner of Financial  
8 Regulation to administer the Financial Awareness Fund; requiring the State  
9 Treasurer to hold the Financial Awareness Fund separately, and the Comptroller to  
10 account for the Financial Awareness Fund; specifying the contents of the Financial  
11 Awareness Fund; specifying the purpose for which the Financial Awareness Fund  
12 may be used; providing for the investment of money in the Financial Awareness  
13 Fund; requiring interest earnings of the Financial Awareness Fund to be credited to  
14 the General Fund of the State; requiring expenditures from the Financial Awareness  
15 Fund to be made in accordance with the State budget; requiring a certain licensee to  
16 post conspicuously certain information at each place of business; and generally  
17 relating to the licensing of check cashing services.

18 BY repealing and reenacting, with amendments,

19 Article – Financial Institutions

20 Section 11–610(a)(6), 12–102, 12–105(a), 12–108, and 12–118

21 Annotated Code of Maryland

22 (2011 Replacement Volume and 2018 Supplement)

23 BY adding to

24 Article – Financial Institutions

25 Section 12–108.1

26 Annotated Code of Maryland

27 (2011 Replacement Volume and 2018 Supplement)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Financial Institutions**

3 11–610.

4 (a) There is a Nondepository Special Fund that consists of:

5 (6) [Revenue] **SUBJECT TO § 12–108(B) OF THIS ARTICLE, REVENUE**  
6 received for the licensing of persons under Title 12, Subtitle 1 of this article;

7 12–102.

8 (a) [This subtitle does not apply to check cashing services:

9 (1) (i) For which a fee of up to 1.5% of the face amount of the payment  
10 instrument is charged per payment instrument; and

11 (ii) That are incidental to the retail sale of goods or services by the  
12 person that is providing the check cashing services;

13 (2) In which a customer presents a payment instrument for the exact  
14 amount of a purchase; or

15 (3) Involving foreign currency exchange services or the cashing of a  
16 payment instrument drawn on a financial institution other than a federal, State, or other  
17 state financial institution.

18 (b) (1) This subtitle does not apply to a transaction that is subject to the  
19 Maryland Consumer Loan Law (Title 12, Subtitle 3 of the Commercial Law Article and  
20 Title 11, Subtitle 2 of this article), including a transaction in which an additional fee is  
21 charged to defer the presentment or deposit of a payment instrument until a subsequent  
22 date.

23 [(2)] (B) A check cashing service is not subject to the Maryland Consumer  
24 Loan Law if:

25 [(i)] (1) The fee charged for the check cashing service does not  
26 exceed the fee permitted under this subtitle;

27 [(ii)] (2) No additional fee is charged to defer the presentment or  
28 deposit of the payment instrument; and

29 [(iii)] (3) The check cashing service is not subject to renewal or  
30 extension by any means.

1 12-105.

2 (a) [Except as provided in § 12-102(a) of this subtitle, a] A person may not  
3 provide check cashing services unless the person is licensed under this subtitle or is an  
4 exempt entity.

5 12-108.

6 (a) (1) To apply for a license, an applicant shall:

7 (i) Complete, sign, and submit to the Commissioner an application  
8 made under oath in the form, and in accordance with the process, that the Commissioner  
9 requires; and

10 (ii) Provide all the information that the Commissioner requests.

11 (2) The application shall include:

12 (i) The applicant's name, the applicant's principal executive office  
13 address, and, if the applicant is not an individual, the name and residence address of each  
14 control person;

15 (ii) The address of each branch location, if any;

16 (iii) If the license is for a mobile unit, the vehicle identification  
17 number of the mobile unit and the geographic area in which the mobile unit will be  
18 operating; and

19 (iv) Any other information that the Commissioner requires for an  
20 investigation and findings under § 12-109 of this subtitle.

21 (b) (1) With the application, the applicant shall pay to the Commissioner:

22 [(1)] (I) An investigation fee of \$100; and

23 [(2)] (II) A license fee of [\$500] **\$1,000**.

24 (2) **THE COMMISSIONER SHALL DEPOSIT THE LICENSE FEES AS**  
25 **FOLLOWS:**

26 (I) **50% IN THE NONDEPOSITORY SPECIAL FUND UNDER §**  
27 **11-610 OF THIS ARTICLE; AND**

28 (II) **50% IN THE FINANCIAL AWARENESS FUND UNDER §**  
29 **12-108.1 OF THIS SUBTITLE.**

1 (c) For the principal executive office, each branch location, and each mobile unit  
2 license for which an applicant applies, the applicant shall:

3 (1) Submit a separate application; and

4 (2) Pay a separate investigation fee and license fee.

5 **12-108.1.**

6 (A) **IN THIS SECTION, "FUND" MEANS THE FINANCIAL AWARENESS FUND.**

7 (B) **THERE IS A FINANCIAL AWARENESS FUND.**

8 (C) **THE COMMISSIONER SHALL ADMINISTER THE FUND.**

9 (D) (1) **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
10 **SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

11 (2) **THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**  
12 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

13 (E) **THE FUND CONSISTS OF:**

14 (1) **MONEY FROM EACH LICENSE FEE COLLECTED BY THE**  
15 **COMMISSIONER UNDER § 12-108(B)(2) OF THIS SUBTITLE;**

16 (2) **MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;**  
17 **AND**

18 (3) **ANY OTHER MONEY FROM ANY SOURCE ACCEPTED FOR THE**  
19 **BENEFIT OF THE FUND.**

20 (F) **THE FUND MAY BE USED ONLY FOR SUPPORTING PROGRAMS THAT**  
21 **PROMOTE FINANCIAL SERVICES AND FINANCIAL AWARENESS.**

22 (G) (1) **THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**  
23 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

24 (2) **ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**  
25 **THE GENERAL FUND OF THE STATE.**

26 (H) **EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**  
27 **WITH THE STATE BUDGET.**

1 12-118.

2 (A) A licensee shall conspicuously post, in 48 point or larger type, at each place of  
3 business at which, or mobile unit from which, the licensee provides check cashing services[,  
4 a]:

5 (1) A notice of the fees for check cashing services; AND

6 (2) THE PHONE NUMBER OF THE COMMISSIONER FOR CUSTOMERS  
7 TO FILE COMPLAINTS.

8 (B) (1) A LICENSEE SHALL CONSPICUOUSLY POST AT EACH PLACE OF  
9 BUSINESS AT WHICH, OR MOBILE UNIT FROM WHICH, THE LICENSEE PROVIDES  
10 CHECK CASHING SERVICES, A BROCHURE THAT STATES THE FOLLOWING:

11 "WHAT YOU NEED TO KNOW AS A MARYLAND CONSUMER

12 CHECK CASHING SERVICES BUSINESSES CASH CHECKS FOR CONSUMERS WHO  
13 MAY OR MAY NOT HAVE AN ACCOUNT WITH A FINANCIAL INSTITUTION. WITH THE  
14 EXCEPTION OF FINANCIAL INSTITUTIONS, MARYLAND REQUIRES ALL CHECK  
15 CASHERS TO BE LICENSED. LICENSED CHECK CASHERS AND FINANCIAL  
16 INSTITUTIONS ARE LIMITED TO THE FOLLOWING AMOUNTS OF FEES THAT THEY CAN  
17 CHARGE TO CASH CHECKS:

18 2% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$3, IF THE  
19 PAYMENT INSTRUMENT IS ISSUED BY THE FEDERAL GOVERNMENT OR A STATE OR  
20 LOCAL GOVERNMENT;

21 10% OF THE FACE AMOUNT OF A PAYMENT INSTRUMENT OR \$5, IF THE  
22 PAYMENT INSTRUMENT IS A PERSONAL CHECK; OR

23 4% OF THE FACE AMOUNT OF THE PAYMENT INSTRUMENT OR \$5, FOR  
24 ANY OTHER PAYMENT INSTRUMENT.

25 AND A ONE-TIME MEMBERSHIP FEE MAY NOT EXCEED \$5.

26 CHECK CASHING SERVICES

27 YOU CAN ALSO SHOP AROUND FOR ALTERNATIVES TO CASH YOUR CHECK  
28 SUCH AS OPENING A DEPOSIT ACCOUNT WITH A LOCAL FINANCIAL INSTITUTION.  
29 ALTHOUGH HAVING A DEPOSIT ACCOUNT OFFERS CONVENIENCE AND SECURITY, IT  
30 IS IMPORTANT TO REMEMBER THAT FEES AND CHARGES CAN REDUCE THE AMOUNT  
31 OF MONEY YOU HAVE ON DEPOSIT. FINANCIAL INSTITUTIONS MUST DISCLOSE THEIR  
32 FEES TO YOU AT THE TIME OF OPENING AN ACCOUNT. THE MOST EFFECTIVE WAYS

1 NOT TO BE CHARGED FEES OR TO LIMIT THESE FEES ARE TO READ ALL THE  
2 DISCLOSURES THAT COME WITH YOUR ACCOUNT, ASK QUESTIONS DURING THE  
3 ACCOUNT OPENING PROCESS, AND PAY CLOSE ATTENTION TO YOUR AVAILABLE  
4 BALANCE.”

5           **(2) THE BROCHURE REQUIRED UNDER PARAGRAPH (1) OF THIS**  
6 **SUBSECTION SHALL ALSO INCLUDE A LINK TO A WEBSITE THAT PROVIDES A LIST OF**  
7 **LICENSED CHECK CASHING SERVICE BUSINESSES.**

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2019.