

Chapter 20

(House Bill 118)

AN ACT concerning

**Maryland Money Transmission Act – Definition of Money Transmitter
– Alteration**

FOR the purpose of altering, for a certain licensing requirement, the definition of “money transmitter” under the Maryland Money Transmission Act to exclude a certain person designated as an agent of a payor for the purpose of the agent’s provision of payroll processing services under certain circumstances; and generally relating to the Maryland Money Transmission Act.

BY repealing and reenacting, without amendments,
 Article – Financial Institutions
 Section 12–401(a)
 Annotated Code of Maryland
 (2020 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
 Article – Financial Institutions
 Section 12–401(q)
 Annotated Code of Maryland
 (2020 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Financial Institutions

12–401.

(a) In this subtitle the following words have the meanings indicated.

(q) (1) “Money transmitter” means a person that engages in money transmission that is required to be licensed under this subtitle, whether or not the person maintains a license.

(2) “Money transmitter” includes:

- (i) A bill payer service; and
- (ii) An accelerated mortgage payment service.

(3) “MONEY TRANSMITTER” DOES NOT INCLUDE A PERSON DESIGNATED AS AN AGENT OF A PAYOR FOR THE PURPOSE OF PROVIDING PAYROLL PROCESSING SERVICES FOR WHICH THE AGENT WOULD OTHERWISE NEED TO BE LICENSED UNDER THIS SUBTITLE, IF:

(I) THERE IS WRITTEN AGREEMENT BETWEEN THE PAYOR AND THE AGENT THAT DIRECTS THE AGENT TO PROVIDE PAYROLL PROCESSING SERVICES ON THE PAYOR’S BEHALF;

(II) THE PAYOR HOLDS THE AGENT OUT TO EMPLOYEES AND OTHER PAYEES AS PROVIDING PAYROLL PROCESSING SERVICES ON THE PAYOR’S BEHALF; AND

(III) THE PAYOR’S OBLIGATION TO A PAYEE, INCLUDING AN EMPLOYEE OR ANOTHER PARTY ENTITLED TO RECEIVE FUNDS VIA THE PAYROLL PROCESSING SERVICES PROVIDED BY THE AGENT, IS NOT EXTINGUISHED IF THE AGENT FAILS TO REMIT THE FUNDS TO THE PAYEE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.

Approved by the Governor, April 14, 2026.