

ANTONIO HAYES
Legislative District 40
Baltimore City

Finance Committee



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 222
Annapolis, Maryland 21401
410-841-3656 · 301-858-3656
800-492-7122 Ext. 3656
Antonio.Hayes@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

March 3, 2020

**Testimony of Senator Antonio Hayes in Support of SB 939:
Financial Institutions - Check Cashing Services - Registration and
Dissemination of Information**

Chairman Kelley and Members of the Finance Committee,

The purpose of Senate Bill 939 is to ensure that all businesses offering check cashing services are licensed or registered with the State of Maryland. Currently, predatory unlicensed check cashing businesses are penalizing poor and low-income communities in our State.

Certain businesses that cash checks do not have to be licensed if they charge no more than a 1.5% fee and if their service is “incidental to the retail sale of goods or services.” This exemption has been applied to mixed-use businesses, such as liquor stores, groceries, and convenience stores. Additionally, businesses may “self-certify” their exemption, a process which includes no application or form of oversight.

The Maryland Department of Labor, Licensing, and Regulation (DLLR) estimates that 772 businesses are providing check cashing services in Maryland. Only 273 are licensed with DLLR, which means that about 500 check cashing businesses are operating without a state license.

Unlicensed check cashers do not have to post rates or keep records, which means there are no consumer protections for those using unlicensed check cashers. Thus, individuals have no way of knowing if they have been charged an exorbitant rate or how to seek redress if they are overcharged.

Senate Bill 939 proposes common-sense solutions to the problems surrounding the current statute’s licensing exemption by eliminating the nebulous term “incidental” and providing specific conditions for licensing exemption. Additionally, the bill proposes to remove the “self-certification” component of the current exemption, thereby ensuring that those who are not licensed understand the conditions by which their check cashing service must operate.

Furthermore, Senate Bill 939 makes improvements on legislation introduced last year by allowing registration in lieu of licensing. This option would prevent an unnecessary cost from being imposed on businesses who sparingly cash checks for friends or colleagues. Registration would be available to businesses that:

- Charge a fee of no more than 1.5% or Cash ten or fewer checks per month;
- Register as a Money Service Business with the U.S. Treasury Dept. as “check cashier;”
- Conduct transactions in the interior of the business;
- Do not advertise check cashing services;
- Provide a receipt of the service to the customer; and
- Complete and submit a registration form to DLLR.

Senate Bill 939 also proposes to enhance consumer protections for those using check cashing businesses by requiring licensed or registered check cashers to prominently display the phone number of the DLLR Commissioner of Financial Regulation.

Two amendments have been introduced to strengthen Senate Bill 939 even further. These amendments propose to:

- Fix a technical issue to ensure that the Commissioner can enforce penalties on businesses who do not comply with the legislation;
- Eliminate the requirement to acquire and display the DLLR “Shop Around” brochure; and
- Require new registrants to use the Nationwide Multistate Licensing System & Registry (NMLS) to register with the State, in accordance with DLLR recommendation.

Individuals living in poverty should not pay more for cashing their checks because they do not have access to a licensed/registered check cashing business or the information to seek redress when they are overcharged. By requiring all check cashing businesses to be either licensed or registered, consumers will be better protected from being taken advantage of by currently unregulated check cashing services in our State.

Thus, I urge a favorable report on Senate Bill 939.

Respectfully,



Senator Antonio L. Hayes
Chair, Baltimore City Senate Delegation
40th Legislative District - MD