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**MARYLAND DEPARTMENT OF LABOR TESTIMONY ON HB118**

TO: House Economic Matters Committee  
FROM: Antonio P. Salazar, Commissioner of Financial Regulation  
DATE: February 3, 2026  
BILL: Maryland Money Transmission Act - Definition of Money Transmitter -  
Alteration

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**MDL POSITION: Letter of Information**

House Bill 118 proposes to exempt payroll processors from Maryland's money transmission licensing requirements, provided they meet certain exception standards.

In 2022, Maryland, as part of an effort to align with nationwide money transmission regulatory standards, adopted the Model Money Transmission Modernization Act (Model Law). This adoption resulted in the Office of Financial Regulation (OFR) including payroll processors within the definition of money transmission in its regulations. After Maryland's adoption of the money transmission regulations, several states chose to exempt payroll processors for money transmission

The current bill removes qualifying payroll processors from Maryland's definition of money transmitter. The exception standards align Maryland with various other states, including Colorado, Iowa, Kansas, Missouri, South Dakota, and Virginia, which also provide this exception standard.

OFR estimates that this change would affect three companies, which are currently licensed solely as payroll processors. Of the ten payroll processor companies currently licensed as money transmitters, seven also provide other money transmission services and would need to retain their license. The estimated annual loss of licensing fee revenue as well as assessments based on volume is estimated to be \$15,000.

The Department respectfully submits the information for the Committee's information on HB118.



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