

HOUSE BILL REPORT

HB 1142

As Passed House
March 1, 1993

Title: An act relating to requiring a bond or other security from persons seeking a license to sell checks, drafts, or money orders.

Brief Description: Requiring a bond for a license to sell checks, drafts, or money orders.

Sponsors: Representatives Zellinsky, Mielke, R. Meyers and Tate; by request of Dept of General Administration, Div of Banking.

Brief History:

Reported by House Committee on:

Financial Institutions & Insurance, February 4, 1993, DP;
Passed House, March 1, 1993, 91-0.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 16 members: Representatives Zellinsky, Chair; Scott, Vice Chair; Mielke, Ranking Minority Member; Dyer, Assistant Ranking Minority Member; Anderson; Dellwo; Dorn; Grant; R. Johnson; Kessler; Kremen; Lemmon; R. Meyers; Reams; Schmidt; and Tate.

Staff: John Conniff (786-7119).

Background: Last year, the Legislature adopted a licensing and regulatory program for businesses engaged in cashing and selling checks, drafts, or money orders. Part of the licensing program required the posting of a bond by applicants wishing to sell checks. The bond was intended to protect consumers against a loss of funds by the check seller that would result in the purchased check being dishonored for nonpayment. The bonding requirement did not clearly differentiate among the variety of bonds available for purchase by licensees.

Summary of Bill: The Check Cashers and Sellers Act is amended to clarify the bonding requirements for check sellers. Before a check seller may obtain a license, the seller must post a bond conditioned on the licensee's paying all persons who purchase checks, drafts, or money orders

from the licensee which are dishonored due to insufficient funds or the closure of the licensee's bank account.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: These changes are necessary to correct statutory bond requirements for check sellers. Without these changes, sellers will be unable to comply with bond requirements.

Testimony Against: None.

Witnesses: John Bley, Supervisor of Banking; and Doug Bohlke, Contractors Bonding & Insurance Company (both in favor).