

SENATE BILL REPORT

HB 1142

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, APRIL 1, 1993

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

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, McAuliffe, Newhouse, Pelz, and Vognild.

Staff: Benson Porter (786-7470)

Hearing Dates: March 31, 1993; April 1, 1993

BACKGROUND:

In 1991, the Legislature adopted a licensing and regulatory program for businesses engaged in cashing and selling checks, drafts, or money orders. The licensing program requires, in part, the posting of a bond by applicants for a check seller's license. 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, however, does not clearly differentiate among the variety of bonds available.

SUMMARY:

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.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR: None

TESTIMONY AGAINST: None

TESTIFIED: No one