
A BILL FOR AN ACT

RELATING TO THE MONEY TRANSMITTERS MODERNIZATION ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 489D-4, Hawaii Revised Statutes, is
2 amended by amending the definition of "permissible investments"
3 to read as follows:
4 ""Permissible investments" means:
5 (1) Cash;
6 (2) Certificates of deposit or other debt obligations of a
7 financial institution, either domestic or foreign;
8 (3) Bills of exchange or time drafts drawn on and accepted
9 by a commercial bank, known as bankers' acceptances,
10 that are eligible for purchase by member banks of the
11 Federal Reserve System;
12 (4) Any investment bearing a rating of one of the three
13 highest grades as defined by a nationally recognized
14 organization that rates securities;
15 (5) Investment securities that are obligations of the
16 United States, its agencies, or its instrumentalities,
17 obligations that are guaranteed fully as to principal



- 1 and interest by the United States, or any obligations
2 of any state, municipality, or any political
3 subdivision thereof;
- 4 (6) Shares in a money market mutual fund, interest-bearing
5 bills, notes, or bonds, debentures or stock traded on
6 any national securities exchange or on a national
7 over-the-counter market, mutual funds primarily
8 composed of these securities, or a fund composed of
9 one or more permissible investments as set forth in
10 paragraphs (1) to (5);
- 11 (7) Any demand borrowing agreement or agreements made with
12 a corporation or a subsidiary of a corporation whose
13 capital stock is listed on a national exchange;
- 14 (8) Receivables that are due to a licensee from its
15 authorized delegates pursuant to a contract under
16 section 489D-21, that are not past due or doubtful of
17 collection; [~~or~~]
- 18 (9) Receivables that are due to the licensee from its
19 payment processors for debit or credit card
20 transactions authorized by the licensee's customers



1 for money transmission services obtained from the
 2 licensee; or
 3 [~~(9)~~] (10) Any other investments or security device
 4 approved by the commissioner."

5 SECTION 2. Section 489D-6, Hawaii Revised Statutes, is
 6 amended by amending subsection (a) to read as follows:

7 "(a) A licensee shall maintain at all times a tangible net
 8 worth of the greater of:

9 (1) \$100,000; or [~~three~~]

10 (2) The total of:

11 (A) Three per cent of [~~tangible~~] total assets for the
 12 first \$100,000,000;

13 [~~(2)~~] (B) Two per cent of additional assets for
 14 \$100,000,000 to \$1,000,000,000; and

15 [~~(3)~~] (C) 0.5 per cent of additional assets for over
 16 \$1,000,000,000.

17 ~~[Tangible net worth at all times shall be calculated in~~
 18 ~~accordance with generally accepted accounting principles.]"~~

19 SECTION 3. Section 489D-10, Hawaii Revised Statutes, is
 20 amended to read as follows:



1 "~~§489D-10~~ **Application and license fees.** (a) Each
2 application shall be accompanied by[~~+~~
3 ~~(1)~~ A] a nonrefundable application fee in the amount of
4 \$5,000 [~~+~~and
5 ~~(2)~~ An initial annual license fee of \$5,000].
6 (b) [~~The license fee shall be refunded if the application~~
7 ~~is denied.~~] An initial license fee of \$5,000 shall be assessed
8 upon approval of the application."

9 SECTION 4. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

DCCA; Division of Financial Institutions; Money Transmitters Modernization Act; Permissible Investments; Tangible Net Worth

Description:

Includes, for purposes of the Money Transmitters Modernization Act, receivables due from payment processors for certain debit or credit card transactions. Clarifies the calculation of tangible net worth. Changes the initial annual fee assessed upon the submission of the application to an initial fee assessed upon the approval of the application. Effective 7/1/3000. (HD1)

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