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ARCHIVES DIVISION

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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 441
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
FINANCE AND SECURITIES REGULATION

FILED

12/19/2024 10:23 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: To increase the renewal fee for money transmitter license

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 01/29/2025 5:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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350 Winter St. NE
Salem, OR 97301

Filed By:
Karen Winkel
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 01/22/2025

TIME: 1:30 PM

OFFICER: Teddy Badege

IN-PERSON HEARING DETAILS

ADDRESS: Labor and Industries Building, 350 Winter St. NE, Basement, Conf Rm E, Salem, OR 97301

REMOTE HEARING DETAILS

MEETING URL: [Click here to join the meeting](#)

PHONE NUMBER: 503-446-4951

CONFERENCE ID: 376491563

SPECIAL INSTRUCTIONS:

This is a hybrid meeting conducted in-person and virtually via Microsoft Teams:

Microsoft Teams Need help?

Meeting ID: 210 494 684 72

Passcode: 7MK7xs6Y

NOTE: PUBLIC COMMENTS ARE PUBLIC RECORDS AND MAY BE MADE PUBLICALLY AVAILABLE.

NEED FOR THE RULE(S)

The Department of Consumer and Business Services (DCBS) Fund Balance Policy – Policy FIN-01 (FIN-01) requires the department's programs, with some exceptions, to have ending fund balances sufficient to fund two to four quarters of expenditures. In order for DCBS to be in compliance with FIN-01, various programs require periodic fee increases.

In 2019, it was determined that DCBS needs to correct its fees charged for money transmitter licensees to maintain compliance with FIN-01. This determination was made just prior to the beginning of the COVID-19 pandemic. DCBS subsequently decided a pandemic was not the right time to increase fees to businesses given the uncertainties around the state's business climate.

Since 2019, DCBS has managed to operate programs within means by reducing resources allocated to each program. However, recent increases in personnel costs make this approach no longer viable. This rulemaking will increase licensing renewal fees on money transmitters based on forecasting of future cost to maintain department compliance with FIN-01.

Currently, any applicant for a money transmitter license shall pay to the director of DCBS a fee of \$1,000 for a license term that expires at the end of the calendar year in which the applicant submitted the application. See ORS 717.230. To renew a license, each money transmitter licensee shall pay to the director of DCBS a nonrefundable annual fee of \$500 or a fee that the director sets by rule in an amount that does not exceed \$1,000. See ORS 717.240.

DCBS has determined that compliance with FIN-01 can be best achieved by increasing the renewal application fee for money transmitter licensees from \$500 to \$1,000. The renewal fee is authorized broadly by ORS 717.240 and set by OAR 441-745-0310(1)(b). In order to increase the renewal fee, we must update OAR 441-745-0310(1)(b) to the new fee amount via rulemaking.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Draft rules are available from Karen Winkel, Rules Coordinator, Division of Financial Regulation located at 350 Winter St. NE, Salem, OR 97301 and are available on the division's website:
<https://dfr.oregon.gov/laws-rules/Pages/proposed-rules.aspx>.

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

A Rulemaking Advisory Committee (RAC) was consulted regarding this equity statement. Based on their feedback, this rule is not anticipated to have any disparate impact on any particular demographic in the state.

FISCAL AND ECONOMIC IMPACT:

There are 218 licensed money transmitters in Oregon. DCBS cannot verify or confirm how many are small businesses. All money transmitters will see an increase in their renewal fees. Small businesses will see the same increase as large businesses.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) Based on information currently available to DCBS, aside from the additional fee revenue generated for DCBS, the proposed rule would not have a fiscal or economic impact on state agencies, local government units, nor the public.

The proposed rules apply to money transmitter licensees, and would increase the fees money transmitter pay for renewal licenses. As a result of the fee increase, DCBS will see an increase in the monies collected from the fees money transmitters pay for renewal licenses.

The proposed rule may have an indirect economic impact on the general public in the event that money transmitters increase the cost of their products to consumers as a result of the fee increases.

(2)(a) As noted above, DCBS cannot verify or confirm how many are small businesses.

(2)(b) The proposed rules apply to money transmitter licensees and would increase the fees money transmitter pay for renewal licenses. As a result of the fee increase, all money transmitters will see an increase in their renewal fees. Small businesses will see the same increase as large businesses.

The estimated reporting, recordkeeping and administrative activities and cost required to comply with the rule(s) is minimal, aside from adhering to the fee increase itself.

(2)(c) The estimated cost of professional services, equipment supplies, labor and increased administration required to comply with the rule is \$0.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Members of organizations representing small businesses were invited, and representatives from two separate money transmitter small businesses participated in the rulemaking advisory committee. All RAC members, including representatives from small businesses present at the RAC were given the opportunity to share their comments, thoughts, concerns, and questions about the rule change and development of the rule.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

AMEND: 441-745-0310

RULE SUMMARY: This rule sets the renewal license fee in the amount of \$1000 for each location where money-transmitting activity will be conducted.

CHANGES TO RULE:

441-745-0310

Renewal of License ¶¶

(1) A licensee may renew their license to conduct the business of a Money Transmitter by submitting through the Nationwide Multistate Licensing System and Registry (NMLS):¶¶

(a) A completed renewal application.¶¶

(b) A renewal fee of ~~\$500.~~1000 pursuant to ORS 717.240(1) and any fee required by NMLS.¶¶

(c) The information required pursuant to ORS 717.240(2).¶¶

(2) The director may by order reduce the fees assessed for any specific year.

Statutory/Other Authority: ORS 717.240, 717.310

Statutes/Other Implemented: ORS 717.240