

HB 2419 -2 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 2/4, 4/8

WHAT THE MEASURE DOES:

Provides authority to Department of Consumer and Business Services to use Nationwide Multistate Licensing System when issuing or renewing licenses for collection agencies, consumer finance lenders, title loan lenders, and payday loan lenders. Authorizes Department to collect fingerprints for certain applicants of following license types: collection agencies, debt management service providers, money transmitters, and consumer finance lenders, title loan lenders and payday loan lenders.

ISSUES DISCUSSED:

- History of NMLS
- NMLS background checks are based on fingerprints and run through FBI system
- Which people associated with the business should be subject to fingerprint-based background check

EFFECT OF AMENDMENT:

-2 Removes proposed requirement that applicant for consumer finance lender license, title loan lender license, and payday loan lender license submit fingerprints for each individual with ownership interest in the applicant and for each individual with supervisory authority over applicant's activities.

BACKGROUND:

The Nationwide Multistate Licensing System is the system of record for non-depository financial services licensing and registration used by participating states. The system allows for improved coordination and information sharing among regulators, increased efficiency for the industry, and enhanced consumer protection. The Department of Consumer and Business Services currently has explicit statutory authority to use the NMLS when issuing and renewing licenses for debt management service providers and money transmitters. This allows the Department to require applicants to submit application forms through the NMLS. House Bill 2419 provides the Department with the same authority to use the NMLS for four additional licensing programs: collection agencies, consumer finance lenders, title loan lenders, and payday loan lenders. The measure also provides the Department the statutory authority needed to require fingerprints of license applicants for all six licensing programs.