



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1201: MODEL MONEY TRANSMISSION MODERNIZATION ACT

Prime Sponsors:

Rep. Marshall
Sen. Hinrichsen

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Published for: House Finance**Drafting number:** LLS 25-0524**Version:** Initial Fiscal Note**Date:** February 20, 2025**Fiscal note status:** This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill repeals the "Money Transmitters Act" and enacts the "Money Transmission Modernization Act."

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- Minimal State Revenue

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill repeals the “Money Transmitters Act” and enacts the “Money Transmission Modernization Act” to modernize the regulatory requirements of monetary transactions and standardize state practice with model law. Specifically, the bill:

- enables Colorado’s participation in multistate licensing initiatives;
- codifies exemptions to licensing requirements;
- tiers the amount that transmitters must keep in reserve based on asset size;
- clarifies risk-control limits and allows the banking board to further limit high-risk investments; and
- allows transmitters to invest in select securities and foreign depository cash holdings.

The bill makes practicing as a money transmitter agent without a license and falsifying related records class 2 misdemeanors. It also expands disciplinary actions by permitting the Division of Banking in the Department of Regulatory Agencies to:

- issue cease and desist orders to prevent immediate harm and insolvency;
- issue daily fines and cost recovery fees for any required investigations;
- run additional background checks before issuing licenses, in select circumstances;
- petition the court for temporary restraining orders to block illegal activity; and
- settle cases without requiring the accused party to admit guilt.

Agents may also request a judicial review of professional license denial, suspension, or revocation.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior Conviction Data and Assumptions

This bill creates two new offenses of engaging in money transmission activities without a license and falsifying a record, class 2 misdemeanors. To form an estimate on the prevalence of these new crimes, the fiscal note analyzed the existing offense of violating the Money Transmitters Act as a comparable crime. From FY 2021-22 to FY 2023-24, zero offenders have been sentenced and convicted for this existing offense; therefore, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note.

State Revenue

Starting in FY 2025-26, the bill may increase state revenue from filing fees to the Judicial Department if money transmitter agents request a judicial review or petition the court for an order suspending a cease and desist. It is assumed that agents will abide by the law and that this impact will be minimal. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases workload in DORA and the Judicial Department beginning in FY 2025-26, as described below.

Department of Regulatory Agencies

Workload in the Division of Banking in DORA may increase if money transmitter agents violate provisions and require disciplinary action. This workload is expected to be minimal and no change in appropriations is required.

Judicial Department

Similar to the State Revenue section above, trial courts in the Judicial Department may experience an increase in workload if additional civil or criminal cases are filed under the bill. It is assumed that money transmitter agents will abide by the law and that any violation of the legislation will result in a minimal number of new cases. Workload may also increase if DORA requests arrest records of agents after completing a background check. The fiscal note assumes that this can be accomplished within existing appropriations.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Judicial	Personnel	Regulatory Agencies
Law	Public Safety	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).