



2025 Legislative Session: Model Money Transmission Modernization Act

The Colorado Division of Banking, a division of the Department of Regulatory Agencies (DORA), hopes you will support HB25-1201 Model Money Transmission Modernization Act (MMTMA). The MMTMA will modernize Colorado's Money Transmitter Act that is burdening both companies and regulators.

Colorado wishes to join a growing number of states that have enacted the MMTMA to support the industry through reduced regulatory burden, encouraging innovation, and protecting small business and consumers.

Background

Money transmitters are financial services companies that receive, hold, and/or send money for customers. Historically, money transmitters transferred money across borders or issued money orders.

Colorado first regulated this activity with the Colorado Money Order Act in 1959. More recently, the money transmission industry has greatly expanded due to advances in financial technology (fintech) and the need for global payments.

Changes in the money transmission industry have revealed conflicting state requirements across the 50 states and U.S. territories. These conflicting requirements have made it difficult 1) for companies to operate as state-licensed money transmitters across state lines and 2) for regulators to consistently regulate money transmitters.

The MMTMA addresses each of these problems, providing a clear set of standards that can be implemented by state regulators in a consistent and coordinated manner.

The MMTMA will modernize regulation of the payments industry by:

- **Reducing regulatory burden.** One set of requirements reduces compliance costs for companies that operate nationwide and allows Colorado regulators to focus less on navigating multi-state differences and more on risk analysis and consumer protection. Specifically, MMTMA allows for a multi-state licensing program that will streamline the process and reduce the burden for companies wishing to operate in multiple states. In addition, the definitions of money transmission and financial requirements for companies, such as the single tangible net worth requirement, is another example why the MMTMA has support from the Conference of State Bank Supervisors; industry trade associations, including the Electronic Transactions Association, Money Services Business Association and Money Services Round Table; and both large and small licensed money transmitters.
- **Encouraging continued innovation.** State money transmitter laws have created a space for companies to offer new services while protecting consumers from the risk of loss. The number of money transmission business models continues to expand with recent innovations such as phone apps and on-line payments applications for person to person (P-to-P) and person to business (P-to-B), and business to business (B-to-B) transactions. These innovations will continue with MMTMA.
- **Protecting small business and consumers.** The MMTMA extends critical protections to small businesses that utilize licensed money transmitters. Small businesses will benefit from the licensing, financial protection, and disclosures applicable to money transmitters in states that adopt the MMTMA. Colorado consumers have been protected by the Money Transmitter Act for decades. Replacing the current law with the MMTMA will continue this protection.



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March 14, 2025

The Honorable Cathy Kipp
Chair, Senate Finance Committee
Colorado Senate

Re: HB25-1201 Concerning implementing a model act to modernize money transmission

Chair Kipp:

I am writing to express Intuit's support for HB25-1201, the Model Money Transmission Modernization Act, which will reduce the regulatory burden by modernizing outdated and inconsistent requirements of monetary transactions and standardize state practice for Colorado.

Intuit is the global financial technology platform that helps consumers and small businesses overcome their most important financial challenges. We serve more than 100 million customers worldwide with TurboTax, Credit Karma, QuickBooks and Mailchimp, and believe that everyone should have the opportunity to prosper.

Intuit's role in money transmission is important to the success of small business customers that use our QuickBooks product. In Colorado, nearly 32,000 small businesses used QuickBooks Payroll to pay their employees \$11.5 billion in 2024. In addition, more than 50,000 merchants processed \$5.8 billion in payments last year.

HB25-1201 is based on the Money Transmission Modernization Act, which was developed by the Conference of State Bank Supervisors. This Act is a collaborative effort by state regulators from across the country, licensed money transmitters, and industry trade groups; it addresses current conflicting state laws and a patchwork of consumer protections.

Specifically, the legislation will align Colorado with a national standard for customer protections, clarify and standardize definitions of regulated activity, and streamline states' ability to license and examine money transmitters through the Nationwide Multistate Licensing System. This will ensure customers are protected and payments companies are regulated in the same manner across all jurisdictions.

Thank you for your consideration of HB25-1201, which will protect users, maintain competitiveness, and support regulator efficiency.

Sincerely,

David Sullivan
Vice President, US State & Local Policy & Advocacy

cc: Representative Bob Marshall, Senator Nick Hinrichsen, Senator Larry Liston
Executive Director Patty Salazar, Department of Regulatory Agencies
Senate Finance Committee Members

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Senator Cathy Kipp, Chair
Senator Janice Marchman, Vice Chair
Senate Finance Committee
Colorado General Assembly
200 E Colfax Avenue
Denver, CO 80203

Dear Chair Kipp, Vice Chair Marchman, and Members of the Senate Finance Committee,

I am writing to provide testimony to share ADP's opposition for HB 1201 as it was amended in the House. ADP is the nation's largest provider of human capital management solutions supporting, among other things, HR, payroll, and benefits administration. We are uniquely positioned to understand the importance of the regulation of money transmitters.

HB 1201 is a version of the uniform Money Transmission Modernization Act (MTMA) issued by the Conference of State Bank Supervisors (CSBS). ADP was in strong support of the introduced version of the bill that included coverage for payroll processing services as money transmitters. Unfortunately, the House chose to exempt payroll processing services from the provisions of the bill, which we believe harms consumer protection for those who utilize these services.

Why does this matter?

Payroll companies handle large sums of money on behalf of businesses, paying employees, tax authorities, and benefit providers. This is a clear form of money transmission. Without proper oversight, businesses—and the state—face serious risks if these companies mishandle or misappropriate funds.

While payroll processors are authorized by the Internal Revenue Service (IRS) to submit payroll taxes, this authorization does not include oversight, regulation, or enforcement of those payments. State oversight, as provided under the MTMA, helps prevent financial harm to small businesses who rely on payroll providers (as IRS Reporting Agents) to, among other things, make required tax deposits and tax information filings to federal and state and local governments.

ADP is licensed and overseen by the federal Office of the Comptroller of the Currency,¹ and based on our experience with such regulatory oversight and understanding of the industry, we are supportive of the MTMA coverage of payroll service providers.

¹ <https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2020/int1167.pdf>

Why regulation is necessary

There have been notable cases where payroll providers misused client funds, even leaving businesses responsible for paying payroll and benefits twice. This can devastate small businesses that lack extra cash to cover unexpected costs. Active oversight helps prevent fraud and protects employers and employees. Several examples of significant fraud cases include: a New York-based payroll processing company that ceased operations abruptly resulting in losses of roughly \$100 million, an Indiana-based payroll processor that left a \$120 million shortfall, a Minnesota-based payroll processor that embezzled over \$430,000 in small business clients' accounts, and a Florida-based payroll company that pocketed over \$22 million in withheld Social Security, Medicare, and federal income taxes from small businesses.

Conclusion

As introduced, and as part of the Model Act, HB 1201 included payroll processing services within the definition of "money transmission," a provision that would protect Colorado businesses and ensure proper and effective oversight and accountability for payroll providers. ADP encourages coverage for payroll processing services be kept intact.

Thank you for your commitment to protecting Colorado's businesses.

March 13, 2025

**The Honorable Cathy Kipp
Chair of the Senate Finance Committee
Colorado State Capitol
Senate Committee Room SCR 357**

Re: Comments in Support of HB25-1201 – Money Transmission Modernization Act

Dear Chair Kipp, Vice Chair Marchman, and Distinguished Members of the Committee,

On behalf of the Electronic Transactions Association (“ETA”), the leading trade association for the payments industry, we appreciate the opportunity to provide the comments below. ETA strongly supports the passage of HB25-1201 which incorporates the Conference of State Bank Supervisors (“CSBS”) Model Money Transmission Modernization Act (“Money Transmitter Model Law”) into Colorado law. We additionally encourage the Committee to further align the bill text with the language in the Model Law.

We commend the work of CSBS in bringing together regulators and other stakeholders to develop a uniform, nationwide framework for the regulation of money transmission businesses. Through harmonized standards, the Money Transmitter Model Law will:

1. Facilitate enhanced, coordinated supervision of money transmission businesses.
2. Reduce barriers to entry and compliance costs of critical financial services created by disparate and sometimes conflicting state laws and regulations.
3. Further protect consumers and small businesses through safe, trustworthy, and clear standards for companies and regulators.

Uniform, and comprehensive adoption of the Model Law and regulations will ensure that customers are protected in the same fashion, and payments companies are regulated in the same fashion, across all jurisdictions. It would create a robust single, national standard for customer protections, clarify and standardize definitions of regulated activity and related key elements of regulation, and streamline states’ ability to license and examine money transmitters through the Nationwide Multistate Licensing System. With 99.8% of the \$4.9 Trillion in reported money transmission volume in 2021 being transmitted by companies licensed in multiple states, uniform adoption of the Model Law would allow businesses to focus on risk detection and consumer protections, while decreasing burdens of State caseloads, and preserving licensing and supervisory efforts.

CSBS recently reported that the boom in fintech payments providers has resulted in the number of money transmitters operating nationwide (licensed in 40 or more states) more than doubling since 2015. Considering the substantial increase in the volume of regulation and oversight required as this industry continues to expand, standardization will be a benefit to regulators in managing workloads more efficiently.

Uniform adoption of the Model Law is critical to protecting users, maintaining U.S. competitiveness, and supporting regulator efficiency. Therefore, ETA supports HB25-1201 because it would align regulation of money transmission in Colorado with the Model Law that is being adopted in states across the nation.

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We appreciate you taking the time to consider these important issues. If you would like to discuss any aspect of our comments, please contact me.

Respectfully Submitted,



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