



[SF 2294](#) – Uniform Money Transmission Modernization Act (LSB5289SV)
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Fiscal Note Version – New

Description

[Senate File 2294](#) relates to money transmission services, provides penalties, and does the following:

- Adds to the exempted persons list for Iowa Code chapter [533C](#) (Uniform Money Transmission Modernization Act).
- Permits the superintendent of banking (superintendent) to suspend and revoke licenses or the designation of a delegate, place licensees in receiverships, or require a licensee to revoke the designation of an authorized delegate if conditions are met.
- Establishes the procedure for the issuance of orders to cease and desist by the superintendent.
- Permits the superintendent to enter into consent orders to resolve matters arising under Iowa Code chapter 533C.
- Permits the Attorney General or a county attorney to investigate violations of Iowa Code chapter 533C.
- Permits the superintendent to assess a civil penalty of up to \$1,000 per day, plus the State's costs and expenses for the investigation and prosecution of the matter. Fees are paid to the Financial Services Licensing Fund established by the Bill. These civil remedies do not preclude any other provision of law.
- Prohibits the superintendent from taking action against a licensee without providing notice and allowing a hearing, in accordance with chapter 17A, when requested by the affected licensee.

The Bill takes effect upon enactment. Except for the section of the Bill amending Iowa Code section [533C.103](#), the Bill applies retroactively to July 1, 2023.

A person who is not licensed under Iowa Code chapter 533C who knowingly engages in an activity for which a license is required commits an aggravated misdemeanor. The Bill also establishes the following criminal acts with penalties: a person who knowingly provides false, misleading, or incomplete information with respect to reports required under Iowa Code chapter 533C commits a Class C felony. A person who intentionally makes a false certification in a record required by Iowa Code chapter 533C commits a Class D felony.

Background

According to the Iowa Division of Banking (IDOB), Department of Insurance and Financial Services (DIFS), there has been one settlement agreement and consent order in the past 15 years. The IDOB joined with 45 other State regulators to reach a settlement agreement and consent order, which assessed a fine of \$216,000 per state for a payment processing company over erroneous withdrawals.

2023 Iowa Acts, [House File 675](#) (Money Transmission Modernization Act), repealed multiple Iowa Code sections, some of which are reestablished by this Bill, including the sections referring

to uniformity of application and construction, the Financial Services Licensing Fund, and chapter applicability.

A Class C felony is punishable by confinement for up to 10 years and a fine of at least \$1,375 but no more than \$13,660. A Class D felony is punishable by confinement for up to five years and a fine of at least \$1,025 but no more than \$10,245.

Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay (LOS); revocation rates; plea bargaining; and other criminal justice system policies and practices.
- A delay of six months is assumed from the effective date of this Bill to the date of first entry of affected offenders into the correctional system.
- Marginal costs for county jails cannot be estimated due to a lack of data. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.

Correctional Impact

Senate File 2294 creates new criminal offenses, and the correctional impact cannot be estimated for the Bill due to a lack of existing conviction data. **Figure 1** shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; LOS in months under those supervisions; and supervision marginal costs per day for Class C felonies, Class D felonies, and aggravated misdemeanors. Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 16, 2024, for information related to the correctional system.

Figure 1 — Sentencing Estimate and Length of Stay (LOS)

Conviction Offense Class	Percent Ordered to State Prison	FY23 Avg. LOS in Prison (All Releases)	Marginal Prison Cost Per Day	Percent Ordered to Probation	FY23 Field Avg. LOS on Probation	Avg. Cost Per Day Probation	Percent Sentenced to CBC Residential Facility	Marginal CBC Cost Per Day	Percent Ordered to County Jail	Marginal Cost Per Day Jail	FY23 Field Avg. LOS on Parole	Marginal Cost Per Day Parole
C Felony Non-Persons	86.0%	19.4	\$24.94	64.2%	42.2	\$ 7.67	13.0%	\$ 20.00	34.0%	\$ 50.00	21.3	\$ 7.67
D Felony Non-Persons	84.4%	13.0	\$24.94	69.8%	39.5	\$ 7.67	14.5%	\$ 20.00	32.2%	\$ 50.00	15.7	\$ 7.67
Agg Misd Non-Persons	30.4%	7.5	\$24.94	45.0%	25.1	\$ 7.67	3.6%	\$ 20.00	71.7%	\$ 50.00	11.9	\$ 7.67

Minority Impact

Senate File 2294 establishes new criminal offenses. As a result, Criminal and Juvenile Justice Planning (CJJP) of the Department of Management (DOM) cannot use existing data to estimate the minority impact of the Bill. Refer to the LSA memo addressed to the General Assembly, [Minority Impact Statement](#), dated January 16, 2024, for information related to minorities in the criminal justice system.

Fiscal Impact

Senate File 2294 establishes new criminal offenses, and the fiscal impact cannot be estimated due to a lack of existing conviction data. **Figure 2** shows the average State cost per offense for a Class C felony, Class D felony, and an aggravated misdemeanor. The estimated impact to the State General Fund includes operating costs incurred by the Judicial Branch, the Indigent Defense Fund, and the Department of Corrections (DOC). The cost would be incurred across multiple fiscal years for prison and parole supervision.

Figure 2 — Average State Cost Per Offense

Offense Class	Average Cost
Class C Felony	\$14,300 to \$27,500
Class D Felony	\$12,600 to \$18,200
Aggravated Misdemeanor	\$7,500 to \$10,800

Sources

Iowa Division of Banking, Department of Insurance and Financial Services
Criminal and Juvenile Justice Planning, Department of Management
Department of Corrections
Legislative Services Agency

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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