

May 5, 2023

The Honorable Paula Davis
Chair, House Commerce Committee
Louisiana State Legislature
900 North 3rd Street
Baton Rouge, LA 70804

Re: ETA Opposition to House Bill 615

Dear Chair Davis and Distinguished Members of the Commerce Committee,

On behalf of the Electronic Transactions Association (ETA), the leading trade association for the payments industry, I write to express our opposition to House Bill 615 because it seeks to impose a substantial tax on certain money transmission transactions. **If enacted, H.B. 615 would be: harmful to consumers, including the underserved; Louisiana businesses; and law enforcement efforts.**

A similar bill, House Bill 539, was introduced in 2021, and deferred from any further action in the House Ways and Means committee because of the tax increase and other complicating issues raised during the hearing. Moreover, 2021's failed HB 539 proposed a 2% tax on the amount of money transmitted, this year's version of HB 615 proposes a 5% tax on money transmissions. This is a significant increase in the proposed tax from the prior version of the legislation that failed.

The Harmful Effects of HB 615:

- **An enormous negative effect on the unbanked and underbanked population in Louisiana.** Consumers count on money transmitters for a number of services including, but not limited to, bill payment, online and app-based peer-to-peer transfers, domestic and international remittances, stored value (prepaid) cards, and other devices which can serve as a substitute or supplement for holding funds in a bank checking account. Many consumers use these services as integral parts of their daily lives and additional fees can quickly erode limited funds for consumers. The tax would significantly increase the cost of money transmission services for Louisiana residents, particularly those seeking to send smaller amounts of money, given the \$5 fixed tax on amounts under \$500. In short, this bill would disproportionately harm those Louisianans who can least afford it.
- **Hindering law enforcement efforts.** As money transmission is subject to an extensive regulatory framework designed to root-out and stop money laundering as well as document individuals who use money transmitters and ensure those records are preserved for use by law enforcement, as necessary. This bill would make money transmission transactions arbitrarily expensive or onerous to carry out and could create an underground market as consumers look to avoid exorbitant fees. If H.B. 615 were to be enacted, it is possible, if not probable, that many individuals could turn to more informal or unregulated networks

which are unmonitored, thereby hampering the efforts of law enforcement to detect and prevent money laundering and other illicit activity. Keeping transactions in a formal, regulated market is an issue of national security and should not be treated lightly.

- **A consequential negative impact to Louisiana's small businesses.** Some licensed money transmitters offer services through a network of retail agent locations such as grocery stores, pharmacies, and other small businesses. The proposed tax will make money transfer services offered through Louisiana businesses for bill payments and other transactions more expensive. Not only will this tax discourage the use of these services, but it could also have a significant impact on foot traffic through these small businesses.

As the trade association of the payments industry, ETA stands in opposition to H.B. 615 because, if enacted, it would be harmful to consumers, Louisiana businesses, and law enforcement efforts. As such, the negative impact greatly outweighs the benefits, if any, of such a fee.

We appreciate you taking the time to consider these important issues. If you have any questions or wish to discuss any aspect of our comments, please contact me or ETA Senior Vice President, Scott Talbott at Stalbott@electran.org.

Respectfully,



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