

October 1, 2024**Governor Albert Bryan Jr.
5047 (21-22) Kongens Gade
St. Thomas, VI 00802-6487****ETA Opposition to Bill NO. 35-0375**

Dear Governor Bryan,

On behalf of the Electronic Transactions Association (ETA), the leading trade association for the payments industry, I write to urge a veto on Bill 35-0375. ETA stands in opposition to Bill 35-0375 because, if signed, it would be harmful to consumers, US Virgin Islands businesses, and law enforcement efforts. Imposing a tax on remittance transfers will distort the marketplace and ultimately harm consumers and businesses by driving up the cost of doing business. A 3% tax will negatively impact this market and limit the availability of beneficial services for customers:

- **A consequential negative impact to small businesses in the US Virgin Islands.** The proposed tax will make money transfer services offered through US Virgin Islands businesses for bill payments and other transactions more expensive. Not only will this tax discourage use of these services, but it could have a significant impact on foot traffic through these small businesses.
- **Additional administrative burdens, double taxation, and harm to the US Virgin Islands economy.** 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. If Bill 35-0375 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 illicit activity. In sum, keeping transactions in a formal, regulated market is an issue of national security and should not be treated lightly.
- **An enormous negative effect on the unbanked and underbanked population in US Virgin Islands.** Consumers count on money transmitters for a number of services including bill payment, online and app-based peer-to-peer transfers, domestic and international remittances, stored value (prepaid) cards, and others, which can serve as a substitute or supplement for a bank checking account. Many consumers see these services as integral to daily life, and additional fees, especially a 3% tax, can quickly erode limited funds for consumers. In sum, this bill would disproportionately harm those who can least afford it.

We appreciate you taking the time to consider this important issue. If you have any questions or wish to discuss any aspect of our comments, please contact me.

Respectfully,



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