



February 25, 2025

The Honorable Daniel McCay  
Chair of the Senate Revenue and Taxation Committee  
Utah State Legislature  
350 North State  
Salt Lake City, Utah 84114

**Re: Money Transmission Industry Opposition to Utah HB 284**

Dear Chair McCay, and Distinguished Members of the Committee,

On behalf the Electronic Transactions Association (ETA), the Money Services Business Association (MSBA), The Money Services Round Table (TMSRT), and the Financial Technology Association (FTA) we write to urge the Utah legislature to not adopt HB 284.

#### Summary of Tax Legislation

If enacted, this bill would impose a 2% tax on customers that use the services of a licensed money transmitter in Utah to transmit funds outside of the United States unless the customer presents “valid” identification. The legislation does not cap the amount of the tax. Among other things, the legislation is not clear on how identification is to be validated, or what records must be maintained with respect to any such validation (including whether any sensitive personal information would be required to be collected).

Our organizations oppose this tax and the related identification validation requirement. In addition to being a tax, the legislation appears to seek to impose federal law enforcement obligations on money transmission companies in Utah and presents a number of additional concerns, including a loss of privacy, questionable feasibility and constitutionality, and logistical challenges relating to verifying identification and demonstrating that verification has been conducted.

#### Reasons for Opposition to Tax Legislation

**It can harm law enforcement efforts to prevent and detect money laundering.** The tax risks distorting customer behaviors as Utah residents seek to mitigate its impact. It may therefore also harm law enforcement efforts to prevent and detect money laundering.<sup>1</sup> The costs and other obstacles imposed by the new tax may encourage Utah residents to turn to unregulated and unmonitored channels to transmit their money. Licensed money transmitters are subject to extensive oversight by state and federal authorities, and must comply with detailed transaction recordkeeping and reporting requirements, as well as strict anti-terrorism and anti-money laundering laws and regulations. In fact, the Federal Bureau of Investigation recently released an alert warning Americans to avoid using money transmitting services which are not registered as Money Services Businesses.<sup>2</sup> Any international remittance tax could hamper law

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<sup>1</sup> In Louisiana, where a similar remittance tax was proposed (but not passed), the fiscal note warned that “[i]t is also possible that a tax levy may induce some money transmission to attempt to circumvent the currently licensed network and mechanisms . . .” See MONIQUE APPEANING, LA. LEGIS. FISCAL OFFICE, HB 539 (2021) FISCAL NOTE (2021).

<sup>2</sup> See FED. BUREAU OF INVESTIGATION, I-042524-PSA, ALERT ON CRYPTOCURRENCY MONEY SERVICES BUSINESSES (2024).

enforcement's efforts to counter crime, money laundering, and foreign terrorism funding by changing customer behaviors and shifting activity away from licensed and regulated money transmitters.

**It Conflicts with Existing Anti-Money Laundering Efforts.** The federal Bank Secrecy Act ("BSA") requires money transmitters to [register](#) with the Financial Crimes Enforcement Network ("FinCEN"), and have in place anti-money laundering compliance programs reasonably designed to prevent and detect money laundering and other illicit activity. BSA/AML programs must include policies and procedures for risk based customer identification as well as prescriptive identification requirements for certain types of funds transfers. MSBs also must maintain specific records and file Suspicious Activity Reports (SARs) on suspicious transactions and file Currency Transaction Reports (CTRs) for cash transactions over \$10,000.

In addition, licensed money transmitters are subject to oversight, examination and jurisdiction of state agencies, including the Utah Department of Financial Institutions . State banking agencies regularly conduct examinations on money transmitters to ensure compliance with law (including the BSA), monitor operating standards, test for financial soundness, and to confirm that money transmitters conduct their affairs in a manner consistent with the best interest of the state's consumers who use transmission services. the

In addition to licensing and oversight by state banking departments and BSA/AML compliance program obligations (and the related FinCEN registration requirement), money transmitters are also subject to other compliance obligations and regulatory oversight including:

- OFAC: enforces sanctions based on US foreign policy and national security goals
- FTC: Provides procedures for advertising and preventing fraud
- CFPB: Defines company responsibilities including receipt description, timing for transmission, and error correction procedures

**It adds additional operating costs for the state.** The Fiscal note for HB 284 states that implementation of the bill could increase expenditures by \$1,412,900 due to programming costs, implementation of the tax credit, and the addition of personnel.

**It will harm local businesses.** Many licensed money transmitters offer services through a network of retail agent locations such as convenience stores, grocers, pharmacies, and other small businesses. The tax will make money transfer services offered through Utah businesses more expensive and discourage the use of these services. These businesses will lose direct revenues associated with providing these services as customers turn to alternatives, such as banks, for these needs. They will also lose revenue from the drop in foot traffic as customers seek alternatives for funds transfer services.

Additionally, Utah businesses that rely on licensed money transmission companies for their payments needs will face added costs in paying suppliers and others, which will make a challenging business climate even more difficult. Businesses, particularly small businesses, frequently use bill pay services and other providers licensed as money transmitters to pay suppliers, domestically and internationally. If licensees are unable to figure out compliant identification verification processes for businesses, the imposition of an uncapped tax of 2% could potentially result in Utah businesses facing a massive tax increase based on long-standing business practices.

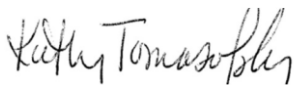
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In light of the concerns discussed herein, we believe HB 284 should not be adopted. We thank you for taking the time to consider these issues, and would be happy to discuss them further or address any questions you may have.

Respectfully submitted,



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