



Dear Members of the Alabama Legislature:

On behalf of a broad coalition of industry, financial services associations, and public policy organizations, we urge you not to advance **House Bill 585 (HB 585)**. Our organizations' collective memberships encompass hundreds of companies engaging in money services and payments activity throughout the United States, including in Alabama.

We share the objective of protecting the integrity of the financial system and preventing illicit activity. HB 585, however, would not meaningfully advance that goal. Instead, it would undermine transparency, increase compliance and cybersecurity risks, burden Alabama small businesses, and drive financial activity into unregulated channels where law enforcement visibility is diminished. By imposing a new tax on cross-border transfers, the bill layers a state-level tax on top of existing federal remittance regulatory and compliance frameworks, creating conflicting requirements and significant operational burdens for regulated providers and small businesses.

Licensed remittance providers **already operate under one of the most stringent compliance frameworks** in the financial system. They are licensed, examined, and supervised at the state level, and at the federal level they are subject to the Remittance Transfer Rule, which mandates detailed disclosures and error-resolution procedures, as well as U.S. sanctions requirements and the Bank Secrecy Act (BSA), which requires extensive Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), recordkeeping and reporting requirements, including Know Your Customer (KYC) requirements. Providers invest heavily in these programs and work closely with law-enforcement agencies to detect and disrupt illicit finance. Imposing a new tax regime on top of these obligations would create conflicting compliance requirements, confuse consumers, and increase the likelihood that customers seek out unregulated channels that fall entirely outside BSA oversight.

The proposal also **raises unnecessary privacy and data-security risks**. Licensed providers already collect and secure the information regulators need to monitor cross-border transactions under the federal BSA framework. HB 585 compounds this by creating a parallel state-level transaction reporting regime administered by the Alabama Securities Commission, with thresholds and timelines that conflict with existing federal standards. This duplicative system expands the universe of entities handling sensitive customer financial data without improving enforcement, and privacy advocates have warned that such frameworks resemble government-mandated databases of lawful remitters, creating risks of secondary use or misuse without clear consumer consent or law enforcement benefit.

**Rather than deterring illicit activity, higher costs will push customers into unregulated channels.** As nationally acclaimed economist Stephen Moore cautioned during debate on the One Big Beautiful Bill Act, “A tax on the legal transactions isn’t the solution. This measure will only drive more financial transactions underground. It may therefore end up costing more money than it raises.”<sup>1</sup> When formal remittances become more expensive, many respond by turning to informal or unregulated alternatives, where there is little or no oversight. Once activity leaves the regulated system, law enforcement visibility is lost.

Licensed money transmitters provide law enforcement with audit trails and BSA reports including suspicious activity reports (SARs). Informal networks provide none of these safeguards. Mandates that push users away from licensed providers directly reduce law enforcement visibility. The U.S. Government Accountability Office

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<sup>1</sup> Moore, Stephen. “Congress Should Just Say No To A Remittance Tax.” Daily Caller, June 17, 2025. <https://dailycaller.com/2025/06/17/opinion-congress-should-just-say-no-to-a-remittance-tax-stephen-moore/>

(GAO)<sup>2</sup> found that similar legislation in Oklahoma led providers to experience lower transaction volumes and highlighted that such measures risk pushing transfers into “unregulated transfer methods” — directly undermining their intended purpose. The Financial Action Task Force (FATF) has likewise warned that informal networks are far more vulnerable to money laundering, sanctions evasion, and terrorist financing.

**The bill would also harm small businesses and consumers.** Many licensed money transmitters offer services through a network of retail agent locations such as grocery stores, pharmacies, and other small businesses, which would bear the practical burden of collecting the fee, posting mandated notices, and ensuring compliance with quarterly remittance requirements — adding cost and liability to already thin operating margins. By subjecting these transactions to a new state enforcement framework administered by the Alabama Securities Commission, HB 585 increases audit and penalty risk for even inadvertent errors, incentivizing some retailers to stop offering cross-border payments services altogether. Reduced access would lower foot traffic and ancillary sales, ultimately reducing income and sales tax revenue for the state. Additionally, the fee applies to business-to-business international payments, meaning small businesses that regularly remit funds abroad for goods or services would face a direct and recurring cost increase.

Importantly, **HB 585 applies to all senders** using regulated channels for legitimate, everyday reasons: military families supporting loved ones, parents paying tuition or medical expenses, faith-based organizations, grandparents assisting relatives, and small businesses sending payments. The income tax credit included in HB 585 would provide little practical relief. It is non-refundable, cannot be carried forward, requires retaining and submitting receipts for every transaction, and is not realized until tax filing — months after the fee is paid. For lower-income families, that timing gap alone represents a real hardship. The credit is therefore unlikely to offset the burden for the very populations most affected, making the tax a significant and recurring surcharge on working families and seniors.

For these reasons, we urge you not to advance **HB 585**. We would welcome the opportunity to work with the Legislature and relevant stakeholders on alternative approaches that advance the shared goals of financial integrity and public safety without imposing new costs on consumers, small businesses, and the regulated providers that serve them.

Sincerely,

The concerned organizations listed above.

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<sup>2</sup> U.S. Government Accountability Office, “International Remittances: Actions Needed to Address Unreliable Official U.S. Estimate,” GAO-16-60 (Washington, D.C.: January 2016), <https://www.gao.gov/products/GAO-16-60>