

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 9, 2007**

**TO:** Honorable Steve Ogden, Chair, Senate Committee on Finance

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: SB268** by Patrick, Dan (Relating to the imposition of a fee for money transmissions sent to a destination outside the United States and to the use of the revenue for border security purposes.), **As Introduced**

**The fiscal implication to the State cannot be definitely estimated.**

The bill would add a new chapter to the Finance Code to impose a fee on certain money transmissions.

The fee would be 10 percent of the total amount sent by a money transmission business from Texas to a destination outside the United States. The fee only would apply to money transmissions of \$5,000 or less. A money transmission business, as defined in the bill, would have to remit the fees collected to the Comptroller in a manner to be prescribed by the Comptroller. The Comptroller would deposit the net revenue received to the credit of the newly created GR Account—Border Security. Money in the account could only be appropriated to the Governor's Office for programs and initiatives to secure this state's international border.

United States citizens and other persons lawfully present in the United States would be entitled to apply to the Comptroller's Office for a refund of the fee.

The bill would require the Comptroller to adopt, by October 1, 2007, rules necessary to implement the new fee; and the fee would apply only to money transmissions that occurred on or after October 1, 2007.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Note: This legislation, as drafted, could be subject to constitutional challenge on several grounds, including claims that it would constitute an attempt by the state to regulate foreign commerce, and that it would violate the constitutionally guaranteed right to equal protection under the law. As such, the fiscal impact cannot be estimated.

However, strictly for purposes of providing an illustrative example, assuming that the legislation were determined in compliance with the U.S. Constitution, it is estimated that the fee could generate on the order of \$90 million per year.

This illustrative example was based on data from the Texas Department of Banking, the Inter-American Development Bank study, "Remittances from the U.S. to Latin America, 2006"; a Bendixen & Associates report, "State by State survey of Remittance Senders: U.S. to Latin America," April 2004; and a New York Times article, "Flow of Immigrants' Money to Latin America Surges," October 19, 2006. The example took into account the various methods used to send money outside the United States to arrive at the dollar amount of money transmissions that would be subject to the fee. An allowance was made for the provision that the fee would only apply to money transmissions of \$5,000 or less. The example was also adjusted for expected refunds.

Note: The bill would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Therefore, the fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Note: Although the bill would not make an appropriation, it would establish the basis for an appropriation.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts

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