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*FAIR is a nonprofit public interest organization working to end illegal immigration and to set levels of legal immigration that are consistent with the national interest.*



FEDERATION FOR AMERICAN IMMIGRATION REFORM

May 2, 2024

The Honorable Bill Roemer  
Ohio House of Representatives  
Ways and Means Committee  
77 South High Street  
Columbus, OH 43215

Proponent Testimony In Support of House Bill 451

Chairman Roemer, Vice Chair Lorenz, Ranking Member Troy and other distinguished Members of the Committee:

Thank you so much for the opportunity to appear before you.

My name is Shari Rendall and I am the Director of State and Local Engagement at the Federation for American Immigration Reform (FAIR). FAIR is a non-profit, non-partisan organization of concerned individuals who believe that our immigration laws must be reformed to serve our nation's interests.

Founded in 1979, FAIR has three million members and supporters nationwide including almost 13,000 in Ohio. On behalf of our members and supporters, I am writing to express FAIR's strong support for Ohio's WIRED Act, House Bill (HB) 451, that places a 7 percent fee on monies, particularly funds involving drug cartels and human trafficking, sent to a location outside the United States. This fee will be fully refunded to the individuals remitting these monies if and when they file their state income tax.

Remittances are the funds that are transferred from one party to another, usually in another country. Generally, remittances are sent by foreign nationals in the United States to individuals in their home countries.

According to a 2019 FAIR study, workers in the United States, many who work under the table, were sending roughly \$150 billion out of the U.S. economy each year. In 2021, based on a World Bank Bilateral Remittance Database, remittances from the United States to other countries totaled over \$200 billion with Mexico, India, Guatamala, Philippines, and China being the top five receiving countries. Mexico is the primary beneficiary of remittances receiving \$63 billion last year.



Foreign nationals, including many who are illegal, send a significant percentage of their salaries abroad. According to the Center for Latin American Monetary Studies, Central American and South American foreign nationals send anywhere from 17 percent to 30 percent of their salaries abroad. This is income that is removed from the U.S. economy and not spent on goods or services here.

As a result, this money is *not* subjected to sales taxes, excise taxes, restaurant taxes, as well as other consumption taxes. And, if the individual was paid under the table, it is likely not subject to state income taxes.

When foreign nationals remit portions of their income to other countries, it no longer generates any tax revenue that can be used to pay for public services in the United States. This, in turn, places more pressure on the local jurisdictions to make up that lost revenue elsewhere often resulting in higher overall taxation rates.

Moreover, remittances are not limited solely to legitimate money transfers. A Reuters report in August 2023 found that drug cartels were using remittances to wire their drug profits home. According to their findings, the cartels are hiring individuals on both sides of the border, to move small sums that are difficult to trace to “narcotic kingpins.”

As legitimate remittances ballooned, it has been easier for cartels to launder money using illegal aliens with no obvious links to organized crime. According to Reuters, up to 10 percent of all Mexico-bound remittances, about \$4.4 billion, may be drug money moved by cartels like Sinaloa and the Jalisco New Generation cartels.

In fact, former Columbus, Ohio resident Erlin Lucero-Asencio, who has ties to the Sinaloa Cartel, has been charged by the Department of Justice with drug trafficking and money laundering. He, along with his co-conspirators, attempted to disguise the financial transactions to hide the fact the money came from drug trafficking. Over a two-year period, they sent over 324 wire transfers including one made directly from Columbus to Sinaloa, Mexico.

Last year, a report by Signos Vitales, a non-governmental organization, found that the U.S. remitted over \$63 billion to Mexico, which equals about 20 percent their country’s entire federal budget.

The study found that the number of remittances increased by more than 50 percent at a time where the total number of Mexican foreign nationals living in the U.S. declined. The report also found the locations where the remittances were being sent had shifted. For example, Chiapas, which doesn't traditionally have foreign nationals in the U.S. received double the number of remittances in 2022. Likewise, the report found Ojuelos de Jalisco, a town of 30,000 received \$38 million in the third quarter of 2023, which equals \$1,343 per month for every single household. The remittances to these areas seem to indicate that the cartels found a convenient method to smuggle cash back to Mexico.

HB 451 is crucial because the more money that is smuggled back into Mexico, the stronger the cartels become. Placing a fee on remittances will help deter illicit activity. Additionally, if Ohio imposes a remittance fee on these transactions it makes it less desirable for the cartels and trafficking networks to remain in the state.

The idea of putting a fee on remittances is not a novel one. Similar legislation was introduced last December by Senator JD Vance who said that it is a "commonsense solution to disincentivize illegal immigration and reduce the cartels' financial power."

Currently, only Oklahoma places a fee on remittances. Oklahoma's successful program generates approximately \$13 million in revenues for the state. In Oklahoma, the illegal alien workforce is estimated to be about 90,000. Given a comparable demographic, Ohio could anticipate comparable revenue.

I thank you for the opportunity to provide our input and urge you to favorably advance HB 451. This legislation will ensure that Ohioans benefit from money that stays in the state.

Sincerely,

A handwritten signature in black ink that reads "Shari Rendall". The signature is written in a cursive, flowing style.

Shari Rendall