

June 4, 2024

**The Honorable Bill Roemer
Chair of the House Ways and Means Committee
Ohio State Legislature
1 Capitol Sq
Columbus, OH 43215**

Re: ETA Opposition to HB 451 – The WIRED Act

Dear Chair Roemer, Vice Chair Lorenz, and Distinguished Members of the Committee,

On behalf of the Electronic Transactions Association (ETA), the leading trade association for the payments industry, I write to express concerns over HB 451.

Imposing a tax on remittance transfers will distort the marketplace and ultimately harm consumers and businesses by driving up the cost of doing business and limiting products and service offerings. The market should be consumer driven, where the development of products and services is based upon demand from consumers. Imposing a tax will negatively impact this market and limit the availability of beneficial services for customers.

The Harmful Effects of HB 451:

- **A consequential negative impact to Ohio’s small businesses.** Many small business owners with a global presence rely on cross-border payments to pay or be paid abroad. Further, licensed money transmitters offer services through a network of retail agent locations such as grocery stores, pharmacies, and other small businesses. The proposed tax will make money transfer services offered through Ohio businesses for bill payments and other transactions more expensive. Not only will this tax discourage the use of these services, but it could also have a significant impact on foot traffic through these small businesses, and limit US small businesses' ability to compete with foreign businesses due to making their cross-border payments more expensive.
- **Additional administrative burdens, double taxation, and harm to the Ohio 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 and could create an underground market as consumers look to avoid exorbitant taxes. If H.B. 451 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 money laundering and other illicit activity. A 2016 Government Accountability Office (GAO) [Report](#) on International Remittances stated that two of four remittance transfer providers in the state of Oklahoma showed declining revenue and a decrease in transaction volume, while a

third stated they had not recovered from losses due to the passage of the Oklahoma law. The GAO further stated that “Remittance transfer providers, industry associations, research experts, and some federal agencies we met with said that they expected to see revenues decrease in the regulated market if the proposed law (S.79) were passed, as it would send remittances to the informal market.” 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 Ohio.** Consumers count on money transmitters for a number of services including, but not limited to, bill payment, online and app-based peer-to-peer transfers, domestic and international remittances, stored value (prepaid) cards, and other devices which can serve as a substitute or supplement for holding funds in a bank checking account. Many consumers use these services as integral parts of their daily lives and additional fees, especially a 7% tax, can quickly erode limited funds for consumers. According to a [2021 FDIC survey](#) on the unbanked, an 14.1% of U.S. households were “underbanked” that year, and those households disproportionately relied on money orders, check cashing, and international remittances to meet their financial needs. In sum, HB 451 would disproportionately harm those Ohioans who can least afford it.

As the trade association of the payments industry, ETA stands in opposition to HB 451 because, if enacted, it would be harmful to consumers, Ohio businesses, and law enforcement efforts. As such, the negative impact greatly outweighs the benefits, if any, of such a tax.

We appreciate you taking the time to consider these important issues. If you have any questions or wish to discuss any aspect of our comments, please contact me or ETA Senior Vice President, Scott Talbott at Stalbott@electran.org.

Respectfully,



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