



March 30, 2025

The Honorable Donna Bailey, Senate Chair
The Honorable Kristi Mathieson, House Chair
Committee on Health Coverage, Insurance, and Financial Services
Cross Building Room 220
100 State House Station
Augusta, Maine 04333

Proponent Testimony In Support of LD 1110

Senate Chairman Bailey, House Chair Mathieson, and other distinguished Members of the Committee:

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 approximately 1,500 in Maine. On behalf of our members and supporters, I am writing to express FAIR's strong support for Maine's Act to Require Remittance Fees for Money Transmissions, Legislative Document (LD) 1110. This legislation places a fee on money transmissions (remittances) and the money generated goes to the general fund. However, the fees are refundable to the sending individuals if/when they file their state taxes.

Remittances are the transfer of money sent 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 often times to support their families back home.

According to a 2019 FAIR study, workers in the United States were sending roughly \$150 billion out of the 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, Guatemala, Philippines, and China being the top five receiving countries. Mexico is the primary beneficiary of remittances receiving \$63 billion last year. It must be noted that many often-cited estimates of remittances, like the World Bank's, are hugely undercounted or omit key data. This is especially true since many countries that receive large amounts of remittances often have poor monitoring and reporting systems.

Many foreign nationals, 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. That income is removed from the U.S. economy and not spent on goods or services. Additionally, at least 25 percent of the illegal alien population do not contribute any payroll taxes due to working illegally for cash. This deprives the federal and state governments of tax revenue which American citizens working legal jobs have to pay.

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. The bottom line is that untaxed remittances are essentially a giveaway to illegal aliens.

Those who oppose placing a fee on money transmissions claim that this is a form of private aid that is needed because governments in the countries that receive remittances don't do enough to help their citizens. However, the fact that individuals will send monies back to their families in their home countries creates an incentive for them to take the perilous journey to the US. This is especially true considering how far US dollars go in most foreign countries.

Moreover, foreign nationals are generally working in jobs that earn an hourly minimum wage in the US. What they earn in an hour is probably a similar amount to what they would receive for working a full day in their home countries. The remittances to their home country thus provides an opportunity for generational wealth for their families which fuels even more illegal immigration.

While remittances may help people in their home countries, remittances are not limited solely to legitimate money transfers. Cartels have co-opted wire transfer companies like Western Union and use them to fund their trafficking operations. 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 cartel.

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, 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.

During the past 9 months of 2023, over 200 municipalities were inundated with remittances. Collectively, those places received \$10.5 billion. These figures indicate that they found a convenient new method to smuggle cash back to Mexico.

This legislation is crucial because the more money that is smuggled back into Mexico, the stronger the cartels become. Placing a fee on remittances will deter illicit activity and trafficking networks. Additionally, if Maine imposes a remittance fee on these transactions it makes it less desirable for 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 two percent fee generates approximately \$13 million in revenues for the state. In Oklahoma, the illegal alien workforce is estimated to be about 90,000.

For the aforementioned reasons, FAIR urges a favorable vote on LD 1110. Thank you for the opportunity to provide our input. Please do not hesitate to reach out to me, if I may be of assistance. I may be reached by email at srendall@fairus.org or by phone at 202-328-7004.

Sincerely,

A handwritten signature in black ink that reads "Shari Rendall". The script is fluid and cursive, with the first letter of each word being capitalized and larger than the others.

Shari Rendall