



HOUSE OF REPRESENTATIVES

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Good Afternoon Senator Bailey, Representative Gramlich and members of the HCIFS Committee. I am here today to present LD 1110, An Act to Require Remittance Fees for Money Transmission. This bill proposes a remittance tax on wire transfers—a measure that tackles Maine's pressing economic and social challenges. It is a step toward fairness, fiscal responsibility, and, critically, protecting our state from the pervasive threat of illegal activities that exploit our financial systems. States like Oklahoma have already successfully implemented similar laws, and Maine must follow suit to safeguard our economic interests and the safety of our communities.

Maine faces economic strain from illegal immigration, where undocumented individuals often work for cash, don't pay income taxes, and utilize state-funded services like education and healthcare. Much of their untaxed earnings are then sent abroad via wire transfers, taking resources from our economy and placing an unfair burden on legal residents who fund these services through their taxes. But this is only part of the story.

Far more alarming is the role wire transfers play in facilitating a wide range of illegal activities that threaten Maine's security and well-being. Wire transfers are a preferred tool for criminals due to their speed, anonymity, and ability to move large sums across borders with minimal oversight. These transactions are exploited by those engaged in money laundering, drug trafficking, human trafficking, terrorist financing, and other criminal enterprises creating a shadow economy that undermines our laws and endangers our citizens.

Wire transfers are not just a convenience for legitimate users—they are a lifeline for illicit operations. Consider money laundering, where criminals disguise the origins of their profits from illegal activities. A drug dealer in Maine, for instance, might funnel cash earned from street sales into a wire transfer, sending it to an offshore account in a country with lax financial oversight, such as Panama or the Cayman Islands. Once there, the money is "cleaned" through shell companies or investments,

Then there's drug trafficking, a scourge that continues to plague communities across the United States, including Maine. Our state has seen a frightening rise in opioid-related overdoses, fueled by cartels that rely on wire transfers to move profits back to their bases of operation. For example, a trafficking ring might collect cash from local distributors in Portland or Bangor, consolidate it, and wire it to Mexico or South America to finance the next shipment of fentanyl or heroin. Also with the known and documented illegal Chinese marijuana grows located throughout Maine and the direct ties to the Sinaloa cartel, we should take every opportunity we can to expose their activity and attempt to force them out of our state. The speed and anonymity of these transfers make them nearly impossible to trace without significant resources—resources our state currently struggles to provide, but could be found through this avenue.

Human trafficking is another grim reality tied to wire transfers. Criminal networks exploit vulnerable individuals, forcing them into labor or sex trafficking, and use wire transfers to send profits to recruiters or organizers abroad. In some cases, traffickers in Maine might send funds to Eastern Europe or Southeast Asia, where lax regulations allow the money to disappear into a web of untraceable accounts. Each transfer represents not just a financial transaction, but the perpetuation of human suffering—and Maine cannot afford to be complicit in this cycle.

These illegal activities thrive because wire transfers offer what criminals crave: speed, scale, and secrecy. Many of these funds flow to jurisdictions with weak anti-money-laundering laws, where they vanish into a black hole of financial opacity. Maine's law enforcement agencies are left underfunded and outmatched, trying to combat a global problem with local resources. This is not just an economic issue—it's a public safety crisis that demands action.

This bill offers a pragmatic and powerful response: a remittance tax on wire transfers. The bill mandates:

- A fee of \$5 for each money transmission up to \$500.
- An additional fee of 3% on any amount exceeding \$500.

These fees will be collected by money transmission licensees or their delegates and remitted quarterly to the state administrator, who will deposit them into the General Fund. This mechanism ensures that those exploiting wire transfers—whether for illegal immigration or criminal enterprises—contribute to the state they burden.

The structure of this tax is deliberately designed to hit illegal activities hardest. Small transfers—say, a family sending \$200 to relatives abroad—incur only a \$5 fee, a minor inconvenience. But larger transfers, which are far more likely to be tied to criminal enterprises, face the escalating 3% fee. A \$50,000 transfer, for instance, triggers a \$1,505 fee—enough to make a criminal think twice. This tiered approach ensures that the burden falls disproportionately on those moving significant sums, where illicit funds are most concentrated.

Moreover, the tax creates a paper trail. Each fee collected provides data—dates, amounts, destinations—that law enforcement can use to identify patterns of suspicious activity. A sudden spike in transfers to a known money-laundering hub could trigger an investigation, giving authorities a head start they currently lack. This isn't just about raising money; it's about shining a light into the shadows where criminals operate.

Let me address some likely objections:

- Impact on Legal Residents

Critics might argue that legal residents sending money abroad for legitimate reasons will suffer. However, the bill includes a state income tax credit equal to the fee paid, available to anyone filing a return with a valid Social Security Number or Tax ID. This protects law-abiding residents while ensuring the tax targets those outside the system—legal or illegal.

- Administrative Burden

Some may worry about the complexity of enforcement. Yet, the bill's quarterly remittance process, with a 0.75% discount for timely compliance, streamlines administration. The revenue will far exceed implementation costs, especially when used to fight crime.

- Effectiveness

Will this truly deter illegal activities? No single measure can eliminate crime, but this tax raises the stakes for criminals. It's a tangible barrier—financial and logistical—that makes Maine a harder target. Coupled with enhanced law enforcement funding, it's a dual-pronged attack on the problem.

In conclusion, LD1110 is a vital step for Maine. It generates revenue, promotes fairness, and confronts the economic and safety threats posed by illegal immigration and criminal enterprises. Wire transfers are not just a financial tool—they're a lifeline for money launderers, drug traffickers, and human traffickers.. By imposing this remittance tax, we disrupt their operations, fund our defenses, and protect our communities.

I urge you to take bold action to secure Maine's future and vote OUGHT TO PASS on LD 1110
Thank you.