

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 615** HLS 23RS 846

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 29, 2023	8:07 AM	Author: HODGES
Dept./Agy.: Office of Financial Institutions		Analyst: Chris Henry
Subject: International Money Transmission Fee		

COMMERCE

OR INCREASE SD RV See Note

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Assesses fees on remittances of money to foreign countries and dedicates fee proceeds to salary increases for teachers and to costs of English as a second language programs in public schools

Proposed legislation authorizes a fee on the transmission of money to locations outside the United States. For transmissions less than \$500, the fee will be \$5. For transmissions \$500 or more, the fee will be \$5 plus 5% of the amount in excess of \$500. The Commissioner of the Office of Financial Institutions is charged to administer the collection of the fee. Proposed legislation creates the Louisiana Teacher's Salary Support Fund in the state treasury. The fund is to be used exclusively for salary increases for certified public school teachers or for costs associated with English as a second language programs at public elementary and secondary schools. All collections from the fee on money transmission is to be deposited into the newly created fund.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$88,175	\$89,053	\$91,362	\$93,740	\$96,190	\$458,520
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$88,175	\$89,053	\$91,362	\$93,740	\$96,190	\$458,520

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The Office of Financial Institutions (OFI) will see increased SGR expenditures as a result of the proposed legislation. The agency reports a need to hire an additional Administrative Program Specialist 1 compensated at \$86,175 (\$52,886 Salary, \$33,289 Related Benefits) along with \$2,000 in one-time costs associated computing equipment. Ensuing fiscal years factor a market rate compensation increase for the position.

Creating a new statutory within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be additional material costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personnel services cost of approximately \$78,000 plus approximately \$2,450 for a one-time purchase of new office equipment. These expenditures are assumed to be SGR in this fiscal note.

REVENUE EXPLANATION

The proposed legislation will result in an indeterminable increase in statutorily dedicated revenue. The legislation requires a fee on the transmission of money to locations outside of the United States and will dedicate the proceeds to the Louisiana Teachers' Salary Support Fund (Fund) created in the legislation. Money transmitters would be required to collect and remit to OFI a \$5 fee for a transmission less than \$500 and, for those \$500 or more, a fee of \$5 plus an amount equal to 5% of the amount of money in excess of \$500 transmitted. Money transmitters are to report and remit these fees on a quarterly basis. The Commissioner of OFI shall transfer to the state treasury, for deposit into the Fund all fee collections remitted by licensees.

At the end of calendar year 2022, OFI had 141 licensed money transmitters of which 46 had transmissions to foreign countries. Based on these transmissions, OFI estimates \$70 M would have been collected and deposited into the Fund in 2022. The actual amount of the collections will vary from year to year depending on consumer demand.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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