Fiscal Note

Fiscal Services Division

HF 2750 – Wire Transactions, Fees and Tax Credit (LSB2765HV)
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Fiscal Note Version – New

Description

House File 2750 defines "wire transmission" to mean money transmission by wire to or from locations abroad. The Bill requires, in addition to any other fee required by law for a wire transmission, a $5 fee for each wire transmission and an additional fee equal to 2.0% of any amount in excess of $500. The fees are to be remitted quarterly to the Iowa Department of Revenue (IDR) and transferred to the Office to Combat Human Trafficking (10.0%) and the remainder will be deposited into the General Fund (90.0%).

The IDR, in consultation with the Department of Public Safety (DPS), is required to enforce the wire transmission provisions of the Bill. Failure of a licensee or a licensee's delegate to comply with the remission provisions of the Bill may result in the suspension or revocation of licensure by the Superintendent of Banking pursuant to Iowa Code sections 533C.901 and 533C.902.

Background

Iowa Code section 80.45 established the Office to Combat Human Trafficking within the DPS. The Office is housed within the Division of Intelligence and Fusion Center. The Office is required to submit an annual report to the General Assembly. The most recent report can be found here.

Iowa Code chapter 533C (Uniform Money Transmission Modernization Act) establishes the requirements for money transmissions in the State. A person engaged in the business of money transmission is required to be licensed pursuant to Iowa Code section 533C.301.

According to the Iowa Division of Banking (IDOB), in FY 2025, 6.5 million wire transmissions originated in Iowa and transferred $2.089 billion to a foreign country with an average transfer amount of $321. The IDOB does not regulate money transmissions that originate in foreign countries and states it does not have the ability to track transactions originating abroad or to calculate the appropriate fee for those transactions.

Assumptions

- The IDR does not anticipate hiring additional full-time equivalent (FTE) positions to carry out the administrative duties in the Bill but instead will utilize existing staff.
- The DPS will utilize existing staff to carry out the enforcement duties in the Bill.
- According to the IDOB, the definition of "wire transmission" may apply to all foreign money transmission transactions by any licensed money transmitter. This interpretation would include money transfers conducted by money transfer service providers such as Venmo, PayPal, Cash App, and Western Union. For the purposes of this ***Fiscal Note***, this interpretation is used.
- The number of transmissions and amount of money transferred into the State from foreign countries is unknown.
- For the purposes of this ***Fiscal Note***, the number of wire transmissions originating in Iowa and sent abroad remains constant at the FY 2025 level.

- The amount of money transferred via wire transmission will increase 2.4% annually.
- The IDOB is not able to provide the number or total dollar amount of wire transmissions above $500; therefore, using FY 2025 actual wire transmissions, **Figure 1** shows estimated fee revenue from the minimum $5 per transmission fee and **Figure 2** shows estimated fee revenue if 2.0% of all moneys transmitted abroad were subject to the fee.

Figure 1 — $5 Fee on Wire Transmissions

Wire Transmissions	Total Amount Transferred	Fees Collected
6,500,000	$ 2,089,000,000	$ 32,500,000

Figure 2 — 2.0% Fee on Wire Transmissions

Wire Transmissions	Total Amount Transferred	Fees Collected
6,500,000	$ 2,089,000,000	$ 41,800,000

Fiscal Impact

Figure 3 shows the estimated wire transmissions and the associated revenue from the $5 fee that applies to all wire transmissions. **Figure 4** shows the estimated amount of money transferred by wire transmission and the associated revenue from the 2.0% fee that applies to the excess amount of wire transmissions over $500. The first estimate assumes that 10.0% of the total transmission amount will be over $500 and subject to the additional 2.0% fee on the excess amount, while the second estimate assumes that 50.0% of the total transmission amount will be over $500 and subject to the additional 2.0% fee on the excess amount. Wire transmission fees will begin to be collected in FY 2027.

Figure 3 — Estimated Revenue, $5 Wire Transmission Fee (in Millions)

Fiscal Year	Estimated Wire Transmissions	$5 Fee Per Wire Transmission
2027	6.5	$ 32.5
2028	6.5	32.5
2029	6.5	32.5
2030	6.5	32.5
2031	6.5	32.5

Figure 4 — Estimated Revenue, 2.0% Fee on Wire Transmission Amounts Over $500 (in Millions)

Fiscal Year	Total Transferred Via Wire Transmission	10.0% of Amount Transferred Subject to Fee, Revenue Estimate	50.0% of Amount Transferred Subject to Fee, Revenue Estimate
2027	$ 2,190.2	$ 4.4	$ 21.9
2028	2,242.8	4.5	22.4
2029	2,296.6	4.6	23.0
2030	2,351.8	4.7	23.5
2031	2,408.2	4.8	24.1

Figure 5 shows an estimated range of fee allocations to the Office to Combat Human Trafficking (10.0%) and **Figure 6** shows an estimated range of fee allocations deposited into the General Fund (90.0%).

Figure 5 — Estimated Revenue to the Office to Combat Human Trafficking (in Millions)

Fiscal Year	10.0% of Amount Transferred Subject to Secondary Fee	50.0% of Amount Transferred Subject to Secondary Fee
2027	$ 3.7	$ 5.4
2028	3.7	5.5
2029	3.7	5.5
2030	3.7	5.6
2031	3.7	5.7

Figure 6 — Estimated Revenue to the General Fund (in Millions)

Fiscal Year	10.0% of Amount Transferred Subject to Secondary Fee	50.0% of Amount Transferred Subject to Secondary Fee
2027	$ 33.2	$ 49.0
2028	33.3	49.5
2029	33.4	49.9
2030	33.5	50.4
2031	33.6	51.0

All figures and estimates use only the number of wire transmissions and amount of money transferred to foreign countries originating from within the State. Any wire transmissions that originate in a foreign country and are sent into the State are not included in the estimate and may increase estimated revenues significantly.

Sources

Department of Public Safety
Iowa Division of Banking, Department of Insurance and Financial Services
Iowa Department of Revenue
U.S. Census Bureau
Legislative Services Agency

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The Fiscal Note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.