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SYNOPSIS:

Under existing law, money transmission businesses, which include businesses that conduct electronic wire transfers, must be licensed by the Alabama Securities Commission.

This bill would require money transmission businesses to collect on outgoing international electronic wire transfers a transaction fee equal to four percent of the total amount of the wire transfer and would provide that the fees collected be transmitted to the Alabama Securities Commission.

This bill would establish the Wire Transfer Fee Fund within the Alabama Securities Commission to hold wire transfer transaction fees until the funds are transferred.

This bill would require the commission to periodically transfer the fees to: (i) the Office of Prosecution Services to be allocated to sheriffs for expenses related to enforcing immigration laws and housing violators of immigration laws; (ii) the State Department of Education to be allocated to county and city public K-12 schools for expenses related to English language learners; and (iii) the Alabama Department of Public Health to be allocated to hospitals and county health departments for expenses



29 related to public health.

30 This bill would allow taxpayers to be granted a
31 tax credit against income taxes in the amount of
32 international electronic wire transfer fees paid by the
33 customer, with a maximum credit of \$5,000.

34 This bill would require the Department of
35 Revenue to establish a notice to customers who initiate
36 international electronic wire transfers of the ability
37 to be granted a tax credit for outgoing international
38 wire transfer fees paid by a taxpayer.

39 This bill would authorize the Alabama Securities
40 Commission and the Alabama Department of Revenue to
41 administer this act.

42 This bill would establish a legislative study
43 commission to ensure that wire transfer fee proceeds
44 are meeting the needs of affected communities and to
45 recommend legislative changes.

46 This bill would also be repealed after four
47 years.

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49

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A BILL

51

TO BE ENTITLED

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AN ACT

53

54 Relating to wire transfers; to require money
55 transmission businesses to collect fees on outgoing
56 international wire transfers and provide for distribution of



57 fee proceeds, with exceptions; to create the Wire Transfer Fee
58 Fund within the Alabama Securities Commission; to authorize an
59 income tax credit equal to the amount of fees paid by
60 taxpayers for outgoing international wire transfers; to
61 authorize the Alabama Securities Commission and the Alabama
62 Department of Revenue to administer this act; to establish a
63 legislative study commission to review this act; and to
64 provide for the repeal of this act.

65 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

66 Section 1. For the purpose of this act, the following
67 terms have the following meanings:

68 (1) COMMISSION. The Alabama Securities Commission.

69 (2) ELECTRONIC WIRE TRANSFER. An electronic transfer of
70 money via a network.

71 (3) MONEY TRANSMISSION BUSINESS. Any person required to
72 obtain a license pursuant to Chapter 7A of Title 8, Code of
73 Alabama 1975.

74 (4) PAYMENT PROCESSOR. An operator of a payment system
75 acting in a third-party capacity, to the extent that the
76 operator provides processing, clearing, settlement, or other
77 similar services between individuals and businesses for a
78 traceable debt of a good or service in connection with wire
79 transfers, credit card transactions, debit card transactions,
80 stored value transactions, automated clearinghouse transfers,
81 or other similar funds transfers or transactions.

82 Section 2. For the purpose of this act, the following
83 entities or transactions are exempt from Section 3:

84 (1) Any transaction by the requester where the money



85 debited is from an account held by, or for the benefit of, the
86 requester at a banking institution or credit union authorized
87 to do business in this state.

88 (2) Any business entity authorized by law to do
89 business in this state other than a money transmission
90 business.

91 (3) Payment processors lawfully registered or licensed
92 to conduct business in Alabama.

93 (4) Credit card or debit card transfers conducted via
94 the Internet or telephone, including transfers by means of
95 credit cards, debit cards, or ACH.

96 (5) Entities exempt or excluded from the license
97 requirements pursuant to Chapter 7A of Title 8, Code of
98 Alabama 1975.

99 (6) The sale of money orders.

100 (7) Check cashing transactions.

101 Section 3. (a) (1) On and after January 1, 2026, each
102 money transmission business shall collect a transaction fee on
103 every outgoing international electronic wire transfer equal to
104 four percent of the amount of the international electronic
105 wire transfer.

106 (2) A money transmission business shall provide to each
107 customer a receipt for each international electronic wire
108 transfer originating from this state which clearly delineates
109 the fee incurred pursuant to this subsection.

110 (b) There is created within the Alabama Securities
111 Commission the Wire Transfer Fee Fund. Amounts deposited into
112 the fund shall be budgeted and allotted in accordance with



113 Section 41-4-80 through 41-4-96, Code of Alabama 1975.

114 (c) Not later than the 30 days following the close of
115 each calendar quarter, a money transmission business shall do
116 both of the following:

117 (1) Remit the fees collected under subsection (a) to
118 the commission for deposit into the fund by means established
119 by rule or order of the commission.

120 (2) Provide to the commission a detailed listing of
121 each individual international electronic wire transfer
122 associated with the fees remitted to the commission, including
123 the date and the amount of the international electronic wire
124 transfer and amount of the fee charged and collected, the
125 country of destination, the address from where the
126 international electronic wire transfer originated, and any
127 additional information required by the commission. The address
128 shall include the street number, street name, municipality,
129 county, and zip code. The commission shall establish by rule
130 or order the means by which the fees and detailed information
131 shall be transmitted to the commission.

132 (d) (1) Not later than 45 days following the close of
133 each calendar quarter, the commission shall allocate all fees
134 deposited into the fund as follows:

135 a. Thirty-eight percent shall be transferred to the
136 Office of Prosecution Services to be distributed pursuant to
137 Section 4.

138 b. Forty-six and one-half percent shall be transferred
139 to the State Department of Education to be distributed
140 pursuant to Section 5.



141 c. Fifteen and one-half percent shall be transferred to
142 the Alabama Department of Public Health to be distributed
143 pursuant to Section 6.

144 (2) In addition, the commission shall forward the
145 detailed information received by the commission from money
146 transmission businesses pursuant to subdivision (c)(2) to the
147 Office of Prosecution Services, State Department of Education,
148 and Alabama Department of Public Health on the same date the
149 fees are allocated under subdivision (1).

150 (d) Each money transmission business shall post the
151 notice established pursuant to Section 7(e) in an area
152 accessed by the public where international electronic wire
153 transfers are conducted.

154 (e) Except as provided in this act, Chapter 7A of Title
155 8, Code of Alabama 1975, shall apply.

156 (f) The commission shall adopt rules or issue orders to
157 administer this section.

158 Section 4. (a) The Office of Prosecution Services
159 shall distribute the funds received under Section 3 on a
160 quarterly basis to all county sheriffs based on the percentage
161 of total population of the respective counties as reported in
162 the most recent federal decennial census. Funds shall be
163 expended by county sheriffs to offset any costs and expenses
164 incurred by the office of the sheriff on or after January 1,
165 2026, related to the enforcement or assistance with the
166 enforcement of federal or state immigration laws, including
167 the care and housing in the county jail of individuals charged
168 with any suspected violation of federal or state immigration



169 laws.

170 (b) The Office of Prosecution Services may retain from
171 the funds received those monies necessary to cover the costs
172 to administer this section, but in no event more than two
173 percent of the total funds received.

174 (c) Funds received by the Office of Prosecution
175 Services under this act shall be subject to audit by the
176 Department of Examiners of Public Accounts in the same manner
177 as other funds expended to the Office of Prosecution Services.

178 Section 5. (a) (1) The State Department of Education
179 shall distribute the funds received under Section 3 on a
180 monthly basis to city and county public K-12 schools as
181 provided in this section. The amount of funds distributed to
182 each respective county in the state shall be in proportion to
183 the share of the electronic wire transfer fees collected in
184 that county. Within each respective county, the State
185 Department of Education shall allocate the funds among public
186 K-12 schools in proportion to the number of students
187 classified as English language learners. The funds shall be
188 used exclusively for English language learner instruction
189 except as provided in subdivisions (2) and (3). Each school
190 shall determine its need for funds under this subdivision in
191 accordance with the following parameters:

192 a. English language learners shall not be counted for
193 any grade that has less than two percent who qualify as
194 English language learners.

195 b. One English language learner instructor may be
196 allocated for every 10 English language learners with a cap of



197 seventy thousand dollars (\$70,000) for every 10 learners.

198 c. The calculation of the number of English language
199 learners attending a school may be made based on the previous
200 year's number.

201 d. If the amount of available funds exceeds the funds
202 needed for English language learner instruction, as calculated
203 in paragraphs a. through c., public K-12 schools may use the
204 available funds for transportation of English language
205 learners.

206 (2) Notwithstanding subdivision (1), if there is
207 evidence that a substantial number of adult English language
208 learners reside within a respective county, the State
209 Department of Education may remit some or all of the funds to
210 entities other than public K-12 schools to be used exclusively
211 for English language learner instruction.

212 (3) Notwithstanding subdivisions (1) and (2), if there
213 is written evidence from city and county school officials that
214 there is no financial need for English language learner
215 instruction for immigrants in the K-12 or adult population in
216 their respective county, the State Department of Education may
217 remit some or all of the funds for that county to support
218 programs in communities impacted by immigration, such as
219 programs supporting immigrant assimilation and civic
220 education, assisting in naturalization efforts, or providing
221 financial support for transportation of immigrants.

222 (b) The State Department of Education may retain from
223 the funds received monies necessary to cover the costs to
224 administer this section, but in no event more than two percent



225 of the total funds received.

226 (c) Funds received by State Department of Education
227 under this act shall be subject to audit by the Department of
228 Examiners of Public Accounts in the same manner as other funds
229 expended to the State Department of Education.

230 Section 6. (a) The Alabama Department of Public Health
231 shall distribute the funds received under Section 3 on a
232 quarterly basis as provided in this section. The amount of
233 funds distributed to each respective county in the state shall
234 be in proportion to the share of the electronic wire transfer
235 fees collected in that county. Within each respective county,
236 the Alabama Department of Public Health shall apportion the
237 funds among the regional hospitals in the county, or if no
238 regional hospitals are located within the county, among the
239 regional hospitals located within 50 miles of the county, to
240 reimburse the hospitals for uncompensated care expenses. If no
241 regional hospitals are located within 50 miles of the county,
242 the funds shall be distributed to the county health department
243 to support public health. For purposes of this subsection,
244 "regional hospital" means a general acute care hospital,
245 critical access hospital, rural emergency hospital, or
246 specialized hospital other than a rehabilitation hospital,
247 licensed by the Alabama Department of Public Health and
248 certified by the Centers for Medicare and Medicaid Services.

249 (b) The Alabama Department of Public Health may retain
250 from the funds received those monies necessary to cover the
251 costs to administer this section, but in no event more than
252 two percent of the total funds received.



253 (c) Funds received by the Alabama Department of Public
254 Health under this act shall be subject to audit by the
255 Department of Examiners of Public Accounts in the same manner
256 as other funds expended to the Alabama Department of Public
257 Health.

258 Section 7. (a) (1) For tax years beginning on and after
259 January 1, 2026, through December 31, 2029, a credit is
260 allowed against income taxes imposed by Chapter 18 of Title
261 40, Code of Alabama 1975, in the amount of all international
262 electronic wire transfer fees paid by any taxpayer under
263 Section 3 or five thousand dollars (\$5,000), whichever is
264 less. The credit must be claimed on the tax return that
265 corresponds with the tax year during which the fees were paid.

266 (2) To qualify for the income tax credit, a taxpayer
267 shall submit to the Alabama Department of Revenue in a manner
268 prescribed by the department, by rule, the receipts received
269 under Section 3(a) (2).

270 (b) The tax credit shall not be allowed to decrease a
271 taxpayer's liability to less than zero. The credit is not
272 refundable and may not be carried forward. The credit shall be
273 available on a pro-rata basis to entities taxed under 26
274 U.S.C. Subtitle A, Chapter 1, Subchapter S or Subchapter K.

275 (c) The Alabama Department of Revenue shall not be
276 required under this section to disclose confidential
277 information subject to Section 40-2A-10, Code of Alabama 1975.
278 However, the department may share information with the
279 commission upon written request in order to aid or assist with
280 any investigation or other action authorized by Chapter 7A of



281 Title 8, Code of Alabama 1975. Additionally, the commission
282 may share information with the department to enforce this act.
283 The information shared shall be limited to what is necessary
284 to administer this act and shall not be considered public
285 records for purposes of Article 3 of Chapter 12 of Title 36,
286 Code of Alabama 1975. Upon receipt of information from the
287 department, Section 40-2A-10, Code of Alabama 1975, shall
288 apply to the commission and its employees with respect to the
289 use, dissemination, or other handling of the information. The
290 department shall comply with Section 8-7A-21(b), Code of
291 Alabama 1975, as to any information shared by the commission.

292 (d) The Alabama Department of Revenue, by rule, may
293 require a money transmission business to provide certifying
294 documents and other information necessary to determine or
295 confirm the tax credit amounts referenced in this section.

296 (e) The Alabama Department of Revenue shall establish a
297 standard form to be posted by money transmission businesses
298 which notifies customers that upon filing an Alabama income
299 tax return with either a valid Social Security number or a
300 valid taxpayer identification number, the customer may be
301 entitled to an income tax credit equal to the amount of the
302 electronic wire transfer fees paid by the customer for the
303 international electronic wire transfer.

304 (f) The Alabama Department of Revenue shall adopt rules
305 to implement this section.

306 Section 8. (a) There is established a legislative
307 review committee to review the expenditures of international
308 electronic wire transfer fee proceeds under this act, as



309 contained in audits conducted by the Department of Examiners
310 of Public Accounts. The committee shall examine how proceeds
311 are being used and, at any time, may make recommendations to
312 the Legislature to redistribute the international electronic
313 wire transfer fee proceeds to better serve the counties or to
314 otherwise amend this act.

315 (b) The study committee shall consist of the following
316 members:

317 (1) The primary House sponsor and primary Senate
318 sponsor of the legislation establishing this study committee
319 who shall serve as cochairs.

320 (2) Three members appointed by the Speaker of the House
321 of Representatives and three members appointed by the
322 President Pro Tempore of the Senate.

323 (c) Members shall be entitled to their legislative
324 compensation, per diem, and travel expenses for each day they
325 attend a meeting of the committee in accordance with Section
326 49 of the Constitution of Alabama of 2022.

327 (d) Pursuant to Section 36-14-17.1, Code of Alabama
328 1975, the committee shall provide to the Secretary of State a
329 notice of all meetings, the name of each member of the
330 committee, and a copy of its findings and other documents
331 produced throughout the duration of the committee.

332 Section 9. Not later than February 1, 2027, and
333 annually thereafter, the following entities shall submit a
334 report to the legislative review committee established under
335 Section 8:

336 (1) The commission shall specify the amount of fees



337 collected and amounts allocated to the Office of Prosecution
338 Services, the State Department of Education, and the Alabama
339 Department of Public Health per quarter;

340 (2) The Office of Prosecution Services shall specify
341 the amount of funds distributed per quarter to each county
342 sheriff under Section 4;

343 (3) The State Department of Education shall specify the
344 amount of funds distributed per quarter to each public K-12
345 school and otherwise distributed to counties to support
346 communities impacted by immigration under Section 5; and

347 (4) The Alabama Department of Public Health shall
348 specify the amount of funds distributed per quarter to each
349 hospital and county health department under Section 6.

350 Section 10. This act is repealed July 1, 2029.

351 Section 11. This act shall become effective on July 1,
352 2025.