



Summary of S.79

Remittance Status Verification Act of 2015 (Wire Act)

March 2016

S. 79, introduced by Senator David Vitter (R-LA), would amend the Electronic Fund Transfer Act to impose a fine on remittances sent out of the country by individuals unable to verify their lawful immigration status.

Imposing Fines on Remittances by Illegal Aliens

Section 2 of the bill amends Section 919 of the Electronic Fund Transfer Act (15 U.S.C. 1693o–1) to require remittance transfer providers to request that all senders of remittances to recipients outside of the United States provide proof of their legal status under Section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)). Remittance transfer providers would be required to impose on any sender unable to provide proof of legal status a fine equal to 7 percent of the dollar amount to be transferred, excluding any fees or other charges imposed by the remittance transfer provider.

Verifying Legal Immigration Status

In those states that require proof of legal residence, acceptable documentation for showing proof of legal status would include a state-issued driver's license or federal passport, or the documentation as required by the state for proof of identity for the issuance of a driver's license or as required for a federal passport. For those states that do not require proof of legal residence, the Consumer Financial Protection Bureau (CFPB) would define by rule what constitutes acceptable documentation of proof of legal status. Matricula consular cards, issued by the Mexican government to Mexican nationals residing outside of Mexico, would not constitute acceptable documentation.

Use of Fines Collected

Remittance providers are required to submit all fines imposed and collected to the CFPB to pay for the administrative and enforcement costs associated with the bill. Any leftover funds would

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be transferred by the CFPB to the Department of the Treasury to pay expenses relating to U.S. Customs and Border Protection for border security fencing, infrastructure, and technology.

Study and Report Regarding Remittance Transfer Processing Fines and Identification Program

Not later than 1 year after enactment, the Government Accountability Office (GAO) would be required to submit a report on the bill's effects.

Why This Bill is Necessary

The amount of money transferred by foreign-born residents to their home countries, known as remittances, has continued to grow during the Obama administration. A recent GAO report found that the United States is still the largest remittance-sending country in the world. In 2014 alone, foreign-born U.S. residents sent an astounding \$52.4 billion abroad, primarily to Mexico. Furthermore, the Center for Immigration Studies (CIS) has estimated that roughly \$25 billion in remittances come from illegal aliens. Simply, there is an outflow of billions not being recycled in the U.S. economy during a period of slow growth.

By requiring a fee on remittances for those who send money to another country but cannot prove their legal status, the Wire Act would result in two positive effects: it would raise approximately \$1 billion for border security purposes according to GAO scenarios, and it would create a disincentive for illegal aliens to send money to their home countries, resulting in that money being more likely to stay in the U.S. economy.

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