

MSBA Opposes Tennessee HB 2502/SB 2166

New Remittance Tax Harms Working Families, Small Businesses, and Financial Transparency

MONTVALE, NJ, UNITED STATES, May 22, 2026 /EINPresswire.com/ -- [The Money Services Business Association \(MSBA\)](#) today expressed strong opposition to [Tennessee House Bill 2502 / Senate Bill 2166](#), recently signed into law by the Governor. The legislation imposes a new sales and use tax on cross-border payments processed by licensed money transmitters in Tennessee—a \$10 minimum tax plus 2% of the amount of each cross-border payment in excess of \$500—targeting lawful, everyday financial transfers relied upon by working families, small businesses, and communities across the state.

“Remittances are a lifeline for millions of families and a critical component of the global economy. This tax increase risks substantially increasing costs for Tennessee businesses and consumers while undermining access to safe, regulated financial services.”

— Kathy Tomasofsky, Executive Director, MSBA

- A Regressive Tax on Everyday Tennesseans

HB 2502 applies broadly to all senders using regulated channels for legitimate, everyday purposes. These transfers are typically funded with income that has already been taxed. Affected individuals include military families supporting loved ones stationed abroad, missionaries and faith-based workers, parents paying tuition or medical expenses overseas, and grandparents assisting relatives in other countries. For these Tennesseans, HB 2502 will function as a permanent surcharge on essential financial transactions.

Of particular concern, some of these same transfers may already be subject to federal remittance taxation under the One Big Beautiful Bill Act. Adding a Tennessee sales tax layer on top of that federal burden significantly increases the cumulative cost borne by ordinary residents sending modest amounts to support family members.

- Harmful Impact on Small Businesses and Retail Agents

Many licensed money transmitters deliver services through retail agent networks—grocery stores, pharmacies, and other small businesses. HB 2502 would require these retailers to collect, maintain records on, and remit the new tax while simultaneously navigating Tennessee’s existing sales tax framework, imposing significant new cost and liability on already thin operating margins. By subjecting these transactions to Tennessee’s general tax enforcement framework, the bill increases audit and penalty risk even for inadvertent errors.

The predictable result: some retailers may stop offering cross-border payment services altogether, reducing consumer access, foot traffic, and ancillary sales—ultimately decreasing state income and sales tax revenue. Small businesses that transmit funds internationally to pay vendors or employees abroad face disproportionate harm.

- Driving Transactions Underground: A Threat to Public Safety and Revenue

As nationally acclaimed economist Stephen Moore cautioned during debate on the One Big Beautiful Bill Act: “A tax on legal transactions isn’t the solution. This measure will only drive more financial transactions underground. It may therefore end up costing more money than it raises.” When formal remittances become more expensive, many consumers respond by turning to informal or unregulated alternatives with little or no oversight, removing law enforcement visibility and ultimately undermining the very goals of this legislation.

Licensed money transmitters operate under rigorous Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) requirements. They provide law enforcement with audit trails and Suspicious Activity Reports (SARs). Informal networks provide none of these safeguards. Any policy that pushes users away from licensed providers directly reduces law enforcement visibility and national security oversight.

The U.S. Government Accountability Office (GAO) found that similar legislation in Oklahoma caused providers to experience lower transaction volumes and highlighted the risk that such measures push transfers into unregulated channels—directly undermining their intended purpose.

MSBA Calls for Reconsideration

The MSBA respectfully urges Tennessee lawmakers to revisit HB 2502 and consider its wide-ranging consequences for consumers, small businesses, and the regulated financial system. The MSBA remains committed to working with policymakers, regulators, and legislators to help reach a shared understanding of the importance of this industry, the harmful effects of a remittance tax, and the objective of maintaining a safe, transparent, and accessible American payments system.

About the Money Services Business Association (MSBA)

The Money Services Business Association (MSBA) is the leading trade association representing licensed money transmitters and money services businesses across the United States. MSBA advocates for balanced regulation that promotes financial inclusion, consumer protection, and a strong, transparent financial system.

1. Affected populations include but are not limited to: military families, missionaries, faith-based workers, students, and individuals supporting family members abroad.
2. Stephen Moore, testimony/commentary during debate on the One Big Beautiful Bill Act.

3. U.S. Government Accountability Office (GAO), findings on remittance taxation legislation in Oklahoma.

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