

JLBC Fiscal Note

BILL # SB 1421

TITLE: undocumented aliens; financial services

SPONSOR: Rogers

PREPARED BY: Destin Moss

STATUS: Senate Engrossed

Description

The bill would prohibit financial institutions, lenders, and check cashers from accepting certain forms of identification issued to a person who unlawfully present in the United States. The bill also prohibits loans that allow the use of an Individual Taxpayer Identification Number for borrower identification and requires business entities conducting foreign remittance transfers to verify that the sender is not unlawfully present. The bill further requires the Department of Insurance and Financial Institutions (DIFI) to 1) adopt rules to enforce foreign remittance transfers and receive monthly confirmations from providers, 2) notify businesses of substantiated complaints of noncompliance, 3) conduct random quarterly audits of business entities beginning in FY 2028, and 4) impose a 25% civil penalty for noncompliant transfers.

Estimated Impact

We estimate the bill will increase costs at DIFI, but we need input from DIFI to estimate the magnitude of the impact in advance. The magnitude of any increase to DIFI's workload and any resulting civil penalty revenue would depend on the number of business entities authorized to conduct foreign remittance transfers from this state, the volume of monthly confirmations, the rate of noncompliance, and the costs associated with quarterly audits of business entities.

We have asked DIFI for their estimate of the bill's fiscal impact, but we have not yet received a response.

Analysis

Our estimate assumes the following:

- 1) The bill creates new responsibilities for DIFI, including adopting administrative rules, receiving monthly confirmations from each authorized foreign remittance transfer provider under, investigating complaints, and conducting random quarterly audits beginning July 1, 2027. The bill includes no appropriation for these activities. We are unable to determine these administrative costs to DIFI without input from the agency.
- 2) The bill does not specify where civil penalty proceeds are to be deposited. Without a specified fund, penalty proceeds would default to the General Fund.
- 3) The bill's amendments to A.R.S. § 44-1362 retain the Attorney General's existing investigative and enforcement authority under the Consumer Fraud Act. We expect any incremental enforcement workload at the Attorney General's Office to be minimal and absorbed within existing operational resources.
- 4) Civil penalty revenue under the bill cannot be determined in advance. The 25% penalty rate is structured to deter noncompliance among entities conducting foreign remittance transfers from this state, so resulting collections would depend on the actual rate of noncompliance. Enforcement costs and noncompliance penalty revenues would likely increase in tandem, but it is not possible to determine the precise level of either in advance.

5/8/26