



General Assembly

Amendment

February Session, 2004

LCO No. 3581

SB0047603581SD0

Offered by:

SEN. LOONEY, 11th Dist.

SEN. COLAPIETRO, 31st Dist.

To: Subst. Senate Bill No. 476

File No. 550

Cal. No. 108

**"AN ACT CONCERNING INCOME TAX REFUND ANTICIPATION
LOAN DISCLOSURES."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. (NEW) (*Effective October 1, 2004*) (a) As used in this
4 section:

5 (1) "Client" means an individual for whom a tax preparer performs
6 or agrees to perform tax preparation services.

7 (2) "Creditor" means a person who makes a refund anticipation
8 loan.

9 (3) "Facilitate" means to solicit the execution of, process, receive or
10 accept an application or agreement for a refund anticipation loan and
11 "facilitator" means a person who facilitates for a refund anticipation
12 loan.

13 (4) "Refund anticipation loan" means a loan by a tax preparer in
14 anticipation of and whose payment is secured by a client's state or
15 federal income tax refund, or both.

16 (5) "Refund anticipation loan fee" means the charges, fees or other
17 consideration charged or imposed directly or indirectly by a creditor or
18 facilitator for the making of or in connection with a refund anticipation
19 loan. "Refund anticipation loan fee" includes any charge, fee or other
20 consideration for a deposit account, if the deposit account is used for
21 receipt of the client's tax refund to pay the amount owed on the loan.
22 "Refund anticipation loan fee" does not include any charge, fee or other
23 consideration usually charged or imposed by the facilitator in the
24 ordinary course of business, such as fees for tax return preparation and
25 fees for electronic filing of tax returns, if the same fees at the same rates
26 are charged to the facilitator's customers who do not receive refund
27 anticipation loans.

28 (6) "Refund anticipation loan interest rate" means the interest rate
29 for a refund anticipation loan.

30 (7) "Tax preparation services" means services provided for a fee or
31 other consideration to a client including, but not limited to, (A)
32 assisting with preparing or filing state or federal individual income tax
33 returns, (B) assuming final responsibility for completed work on an
34 individual income tax return on which preliminary work has been
35 done by another, or (C) offering refund anticipation loans.

36 (8) "Tax preparer" means a person providing tax preparation
37 services.

38 (b) A refund anticipation loan interest rate is calculated as follows:
39 The total amount of refund anticipation loan fees divided by the loan
40 amount, minus any loan fees, then divided by the number of days in
41 the loan term, then multiplied by three hundred sixty-five and
42 expressed as a percentage. The total amount of the refund anticipation
43 loan fee used in this calculation shall include all refund anticipation
44 loan fees, as defined in subdivision (5) of subsection (a) of this section.

45 If a deposit account is established or maintained in whole or in part for
46 the purpose of receiving the client's tax refund to repay the amount
47 owed on a refund anticipation loan: (1) The maturity of the loan for the
48 purpose of determining the refund anticipation loan interest rate shall
49 be assumed to be the estimated date when the tax refund will be
50 deposited in the deposit account; and (2) any fee charged the client for
51 such deposit shall be considered a loan fee and shall be included in the
52 calculation of the refund anticipation loan interest rate. If no deposit
53 account is established or maintained for the repayment of the loan, the
54 maturity of the loan shall be assumed to be the date when the creditor
55 receives the tax refund.

56 (c) Any tax preparer offering a refund anticipation loan to a client
57 shall provide to such client a disclosure form, in duplicate, captioned
58 "REFUND ANTICIPATION LOAN DISCLOSURE" that shall contain
59 in fourteen point boldface type the following information:

60 1. THIS IS A LOAN.

61 2. THE ANNUAL PERCENTAGE RATE, BASED ON THE
62 ESTIMATED PAYMENT PERIOD, IS

63 3. YOUR TAX REFUND WILL BE USED TO REPAY THE LOAN.
64 AS A RESULT, THE AMOUNT OF YOUR REFUND WILL BE
65 REDUCED BY THE AMOUNT OF THE LOAN AND AN
66 ADDITIONAL, FOR FEES, INTEREST AND OTHER CHARGES.

67 4. YOU CAN GET YOUR REFUND IN APPROXIMATELY TWO
68 WEEKS IF YOU FILE YOUR TAX RETURN ELECTRONICALLY AND
69 THE INTERNAL REVENUE SERVICE OR THE DEPARTMENT OF
70 REVENUE SERVICES SENDS YOU YOUR REFUND DIRECTLY.

71 5. IF YOU CHOOSE TO TAKE THIS LOAN AND IF YOUR
72 REFUND IS DELAYED, YOU MAY HAVE TO PAY ADDITIONAL
73 INTEREST.

74 (d) No person shall facilitate a refund anticipation loan with a

75 refund anticipation loan interest rate greater than thirty-six per cent.

76 (e) A violation of this section shall be deemed an unfair or deceptive
77 trade practice under subsection (a) of section 42-110b of the general
78 statutes."

This act shall take effect as follows:	
Section 1	<i>October 1, 2004</i>