



**Substitute House Bill No. 6830**

**Public Act No. 05-107**

**AN ACT PROTECTING CONSUMERS IN THE MAKING OF INCOME  
TAX REFUND ANTICIPATION LOANS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 42-480 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

(a) As used in this section:

(1) "Borrower" means a person who receives the proceeds of a refund anticipation loan;

(2) "Facilitator" means a person who, individually, or in conjunction or cooperation with another person, makes a refund anticipation loan, processes, receives or accepts for delivery an application for a refund anticipation loan, issues a check in payment of refund anticipation loan proceeds, or in any other manner acts to allow the making of a refund anticipation loan. The term does not include a bank, savings and loan association, credit union or person issued a license under the provisions of sections 36a-555 to 36a-573, inclusive, operating under the laws of the United States or this state, or any person who acts solely as an intermediary and does not deal with the public in the making of a refund anticipation loan;

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(3) "Refund anticipation loan" means a loan arranged to be paid directly from the proceeds of a borrower's income tax refund; and

(4) "Refund anticipation loan fee" means any charges, fees or other consideration charged or imposed for the making of a refund anticipation loan. The term does not include any charges, fees or other consideration charged or imposed in the ordinary course of business by a facilitator for services that do not result in the making of a loan including, but not limited to, fees for tax return preparation services or for the electronic filing of income tax returns.

(b) At the time a borrower applies for a refund anticipation loan, a facilitator shall disclose to such borrower on a document that is separate from the loan application:

(1) The estimated fee for preparing and electronically filing an income tax return;

(2) The refund anticipation loan fee schedule;

(3) The annual percentage rate utilizing the guidelines established by the official staff interpretations of federal Regulation Z to the Truth in Lending Act, 12 CFR, Part 226;

(4) The estimated total cost to the borrower for utilizing a refund anticipation loan;

(5) The estimated number of days within which the loan proceeds shall be paid to the borrower if the loan is approved;

(6) The borrower is responsible for repayment of the loan and related fees in the event the income tax refund is not paid or not paid in full; and

(7) The availability of electronic filing of the income tax return of the borrower and the average time announced by the Internal Revenue

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Service within which the borrower can expect to receive a refund if the borrower's return is electronically filed and the borrower does not obtain a refund anticipation loan.

(c) No refund anticipation loan shall be made at any location other than a location in which the principal business is tax preparation.

(d) The interest rate for a refund anticipation loan shall not exceed (1) sixty per cent per annum for the initial twenty-one days of such loan, and (2) twenty per cent per annum for the period commencing on the twenty-second day of such loan and ending on the date of payment.

[[c)] (e) Any facilitator who violates any provision of [subsection (b) of] this section shall be fined five hundred dollars for each such violation. Any facilitator who violates any provision of [said subsection] this section shall be liable to any aggrieved borrower in an amount equal to three times the amount of the refund anticipation loan fee, plus reasonable attorney's fees, in a civil action brought by the aggrieved borrower or by the Attorney General on behalf of the aggrieved borrower.

Approved June 7, 2005