



General Assembly

**Substitute Bill No. 6830**

January Session, 2005

\*          HB06830BA          031605          \*

**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:

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 Section 42-480 of the general statutes is repealed and the  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

3       (a) As used in this section:

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

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

17      (3) "Refund anticipation loan" means a loan arranged to be paid

18 directly from the proceeds of a borrower's income tax refund; and

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

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

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

31 (2) The refund anticipation loan fee schedule;

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

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

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

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

42 (7) The availability of electronic filing of the income tax return of the  
43 borrower and the average time announced by the Internal Revenue  
44 Service within which the borrower can expect to receive a refund if the  
45 borrower's return is electronically filed and the borrower does not  
46 obtain a refund anticipation loan.

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

49 (d) The interest rate for a refund anticipation loan shall not exceed  
50 thirty-six per cent per annum.

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	42-480

**BA**      *Joint Favorable Subst.*