



General Assembly

January Session, 2005

Raised Bill No. 1365

LCO No. 5318

05318_____JUD

Referred to Committee on Judiciary

Introduced by:
(JUD)

**AN ACT CONCERNING 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 Section 42-480 of the general statutes is repealed and the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 facilitator shall make or facilitate the making of a refund
48 anticipation loan that has a rate of interest in excess of thirty-six per
49 cent per annum.

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

58 (e) Any violation of subsection (b) or (c) of this section shall be
59 deemed an unfair or deceptive trade practice under subsection (a) of
60 section 42-110b.

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

Statement of Purpose:

To prohibit the facilitation of refund anticipation loans with an interest rate exceeding thirty-six per cent and to make the violation of the provisions regulating the facilitation of refund anticipation loans an unfair trade practice.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]