

1 AN ACT concerning tax anticipation loans.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 1. Short title. This Act may be cited as the Tax
5 Refund Anticipation Loan Disclosure Act.

6 Section 5. Definitions. The following definitions apply
7 in this Act:

8 "Facilitator" means a person who individually or in
9 conjunction or cooperation with another person makes a refund
10 anticipation loan, processes, receives, or accepts for
11 delivery an application for a refund anticipation loan,
12 issues a check in payment of refund anticipation loan
13 proceeds, or in any other manner acts to allow the making of
14 a refund anticipation loan. "Facilitator" does not include a
15 bank, savings and loan association, credit union, or licensee
16 under the Consumer Installment Loan Act operating under the
17 laws of the United States or this State and does not include
18 any person who acts solely as an intermediary and does not
19 deal with the public in the making of the refund anticipation
20 loan.

21 "Borrower" means a person who receives the proceeds of a
22 refund anticipation loan.

23 "Refund anticipation loan" means a loan arranged to be
24 repaid directly from the proceeds of a borrower's income tax
25 refunds.

26 "Refund anticipation loan fee" means the charges, fees,
27 or other consideration charged or imposed by the facilitator
28 for the making of a refund anticipation loan. A "refund
29 anticipation loan fee" does not include charges, fees, or
30 other consideration charged or imposed in the ordinary course
31 of business by a facilitator for services that do not result

1 in the making of a loan, including fees for tax return
2 preparation and fees for electronic filing of tax returns.

3 Section 10. Disclosure requirements. At the time a
4 borrower applies for a refund anticipation loan, a
5 facilitator shall disclose to the borrower on a document that
6 is separate from the loan application:

- 7 (1) the refund anticipation loan fee schedule;
- 8 (2) the estimated fee for preparing and
9 electronically filing a tax return;
- 10 (3) the estimated date that the loan proceeds will
11 be paid to the borrower if the loan is approved;
- 12 (4) that the borrower is responsible for repayment
13 of the loan and related fees in the event the tax refund
14 is not paid or not paid in full; and
- 15 (5) the availability of electronic filing for the
16 income tax return of the borrower and the average time
17 announced by the federal Internal Revenue Service within
18 which the borrower can expect to receive a refund if the
19 borrower's return is filed electronically and the
20 borrower does not obtain a refund anticipation loan.

21 Section 15. Penalty. Any person who violates this Act is
22 guilty of a petty offense and shall be fined \$500 for each
23 offense. In addition, a facilitator who violates this Act
24 shall be liable to any aggrieved borrower in an amount equal
25 to 3 times the refund anticipation loan fee, plus a
26 reasonable attorney's fee, in a civil action brought in the
27 circuit court by the aggrieved borrower or by the Attorney
28 General on behalf of the aggrieved borrower.

29 Section 99. Effective date. This Act takes effect on
30 January 1, 2003.