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House Bill 4166 (Substitute H-1 as reported without amendment)

House Bill 4607 (Substitute H-1 as reported without amendment)

Sponsor: Representative Rashida Tlaib (H.B. 4166)

Representative Bert Johnson (H.B. 4607)

House Committee: Banking and Financial Services

Senate Committee: Banking and Financial Institutions

## **CONTENT**

House Bill 4166 (H-1) would create the "Refund Anticipation Loan Disclosure Act" to:

- Require a refund anticipation loan (RAL) facilitator, before a taxpayer completed an application for an RAL, to give the taxpayer certain information, including a table of loan fees and percentage rates for representative loan amounts, and a statement that the RAL was an extension of credit and not the taxpayer's actual refund.
- Require a facilitator, before entering into an RAL agreement, to disclose to the taxpayer the estimated fees and annual percentage rate of the loan.

House Bill 4607 (H-1) would create the "Refund Anticipation Loan Act" to:

- Prohibit a facilitator from requiring a customer to obtain an RAL in order to complete a tax return, misrepresenting a condition of granting an RAL, failing to process an RAL, or engaging in any fraudulent activities in connection with an RAL.
- Permit a borrower to rescind an RAL by returning the check or repaying the loan amount by the close of business on the business day following the day the loan was made.

A person who violated either bill would be guilty of a misdemeanor punishable by a maximum fine of \$500 and/or imprisonment for up to 93 days. Each bill would preempt any local regulation or ordinance relating to RALs.

"Refund anticipation loan" would mean an extension of credit to a taxpayer that a person arranged to be repaid directly from the proceeds of the taxpayer's Federal or State personal income tax refund.

The two bills are tie-barred to one another.

Legislative Analyst: Curtis Walker

## **FISCAL IMPACT**

The bills would have an indeterminate fiscal impact on local corrections costs. There are no data to indicate how many people would be convicted of the proposed offenses. Local governments would incur costs of misdemeanor probation and incarceration in local facilities, which vary by county. Penal fine revenue would benefit public libraries.

Date Completed: 6-24-09

Fiscal Analyst: Lindsay Hollander