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## FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 03/15/01 HB HM 29  
 SHORT TITLE: Falsely Advertised "Tax Refund Loans" SB \_\_\_\_\_  
 ANALYST: Valdes

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			See Fiscal Implications	Non-recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Attorney General

### SUMMARY

#### Synopsis of Bill

House Memorial 29 requests the Attorney General review the recent federal injunction in the JTH Tax versus H&R Block case barring misleading advertising by tax practitioners that inappropriately utilizes "tax refund" terminology. The memorial also requests the Attorney General take all appropriate action and make any legislative recommendations necessary for consumer protection from misleading advertising and exploitive practices by tax practitioners and loan companies to the interim Revenue Stabilization and Tax Policy Committee at their October 2001 meetings.

#### Significant Issues

The Attorney General is responsible for consumer protection and education issues related to the citizens of the state. It is their mission to prevent misleading advertising and fraudulent practices intended to take unfair advantage of consumers. The intent of this memorial is within the scope of duties of the Attorney General's Office.

Legislation was introduced this year to prevent excessive interest charges for tax refund anticipation loans and excessive tax preparation fees. Senate Bill 322, the "Refund Anticipation Loan Act," would establish laws which place a maximum interest rate of 10 ½ percent on refund anticipation loans, requires uniform tax preparation fees and requires licensing of refund anticipation loan creditors through the Financial Institutions Division of the Regulation and Licensing Department.

**FISCAL IMPLICATIONS**

The mandate of additional responsibilities without providing resources to perform the work would place a burden on existing consumer protection services of the office. While the office is responsible for consumer protection issues, to maintain the existing work levels while completing this additional task would cost \$10.0 to \$20.0 to research the issues, development recommendations and make presentations to the interim committees in the fall.

**ADMINISTRATIVE IMPLICATIONS**

The Consumer Protection Division of the Attorney General's Office presently has a heavy workload with existing consumer protection issues. The office has a backlog of existing consumer complaints and currently processes over 5,000 complaints per month. The office has been aggressive in prosecuting false advertising and consumer fraud issues and has increased consumer settlement revenue. The additional responsibilities mandated by this memorial would be difficult to accomplish without additional resources to do the work.

**CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP**

Senate Bill 322 would place regulations on the industry identified in this memorial.

MV/ar