

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 1813

H.P. 1246

House of Representatives, May 7, 1991

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 27.
Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

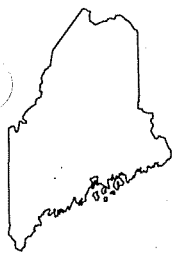
Presented by Representative MITCHELL of Vassalboro.
Cosponsored by Senator KANY of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY-ONE

An Act Relating to Tax Refund Anticipation Loan Disclosures.

(AFTER DEADLINE)



Be it enacted by the People of the State of Maine as follows:

2
4 Sec. 1. 9-A MRSA §8-103, sub-§1, ¶1-1 is enacted to read:

6 I-1. "Tax refund loan," also known as "refund anticipation
8 loan," means a transaction in which a creditor lends an
10 amount less than or equal to a consumer's expected tax
12 refund.

14 Sec. 2. 9-A MRSA §8-106, sub-§6 is enacted to read:

16 6. In the case of a tax refund loan, if it is the practice
18 of the creditor to demand repayment upon delivery of the refund,
20 the annual percentage rate is based on the creditor's estimate of
22 the time the refund will be delivered.

24
26 **STATEMENT OF FACT**

28 Currently, truth-in-lending disclosures on tax refund
anticipation loans provide deceptively underestimated costs to
consumers, since lenders are allowed to assume a one-year term
for the loan. In fact, the loans are "demand" loans, payable
upon demand of the creditor, and repayment is invariably demanded
when the refund is delivered by the Internal Revenue Service,
which averages 2 to 6 weeks from the date the return is
electronically filed. This bill requires that the actual
estimated time before demand be used to base the annual
percentage rate disclosed to the consumer.