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April 25, 2011

The Honorable Vicki Berger
The Honorable Phil Barnhart
House Committee on Revenue
900 Court Street NE
Salem, OR 97301

Chairs Berger and Barnhart:

AARP Oregon supports passage of House Bill 3640.

The alternative financial services (AFS) industry is a major source of credit services for low-income and working-poor consumers, residents of minority neighborhoods, and people with heavy debt burdens or less favorable credit histories. Hidden fees, exceedingly high interest rates, prepayment penalties, extreme default penalties are associated with the industry. Refund anticipation loans (RAL) and refund anticipation checks (RAC) are both products of the industry.

Current disclosures are insufficient to give consumers a complete understanding of the costs of these products. And the state board charged with oversight does not have the authority to track the facilitators marketing the tax refund loans and checks.

House Bill 3640 protects consumers by:

- Increasing oversight by requiring facilitators to register with the Oregon Board of Tax Practitioners;
- Protecting tax refunds by prohibiting add-on fees charged for RAL and RAC products; and
- Providing greater transparency by banning deceptive sales practices and improving disclosures regarding the true cost of all tax preparation products and services.

House Bill 3640 is in keeping with AARP's principles for consumer products including choice, fair play and practice, and information disclosure. These principles support our public policy for states adopting legislation or strengthening existing laws to license lenders, ensure compliance with small-loan interest rate caps, and eliminate unfair, abusive, and deceptive practices.

Your consideration and support of HB 3640 is appreciated.

Rick Bennett
Director of Government Relations
AARP Oregon

MEASURE: HB 3640
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