



MEASURE: HB 3640
EXHIBIT: ✓
HOUSE REVENUE COMMITTEE
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Testimony for House Revenue Committee

RE: House Bill 3640 – Reining in High Cost Tax Day Loans

April 25th, 2011

FROM: Jon Bartholomew, Policy Advocate, Oregon State Public Interest Research Group (OSPIRG)

Each year, Oregon consumers consider their options on how to pay for tax preparation and how to receive their refunds. Two of the options sometimes chosen include Refund Anticipation Loans (RALs) and Refund Anticipation Checks (RACs). RALs are short term loans that have exorbitant interest rates that allow a consumer to access their refund a couple weeks faster than they otherwise would. RACs are costly services that allow a consumer to defer the cost of tax preparation until the IRS issues their refund. These products cost Oregon consumers millions of dollars every year.

Unfortunately, with these products, there is a lack of transparency and oversight. Current disclosures are insufficient to give the consumer a complete understanding of the costs. For example, current law does not include requirements for tax preparers to disclose fees associated with Refund Anticipation Checks (RACs) or prepaid debit cards. Also, the state board charged with oversight does not have the authority to track the number of facilitators selling tax refund products.

HB 3640 would address these concerns and protect workers from losing out on the full tax refunds they've earned. The bill would increase oversight by requiring RAL and RAC facilitators to register with the Oregon Board of Tax Practitioners. The bill would also provide more information for consumers so they can better make informed decisions. It would do this by improving disclosures regarding the true cost of all tax preparation products and services and banning deceptive sales practices.

This is reasonable consumer protection legislation that will help consumers make wise decisions with their own money. We urge this committee's support for HB 3640.