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GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Derek Hall - For The Star-Ledger, 'Laws aim to protect consumers from financial predators', Star-Ledger, The (online),6 Aug 2022 003

end

P.L. 2022, CHAPTER 90, *approved August 5, 2022*
Senate, No. 891 (*First Reprint*)

1 AN ACT concerning tax refund anticipation loans and checks, and
2 amending and supplementing P.L.2007, c.258 (C.17:11D-
3 1 et seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 1 of P.L.2007, c.258 (C.17:11D-1) is amended to
9 read as follows:

10 1. As used in this act:

11 "Client" means an individual who engages the services of a tax
12 preparer.

13 "Commissioner" means the Commissioner of Banking and
14 Insurance.

15 "Refund anticipation check" means a check, stored value card, or
16 other payment mechanism representing the actual or anticipated
17 proceeds of the client's federal or State income tax refund which
18 was issued by a depository institution, tax preparer, or other person
19 that received or anticipates receipt of a direct deposit of the client's
20 federal or State income tax refund and for which the client has paid
21 a fee or other consideration for such payment mechanism.

22 "Refund anticipation loan" means a loan that is secured by, or
23 that the tax preparer anticipates from, a client's federal or State
24 income tax refund.

25 "Tax preparation services" means services provided for a fee or
26 other consideration to a client to:

27 (1) assist with preparing or filing State or federal individual
28 income tax returns;

29 (2) assume final responsibility for completed work on an
30 individual income tax return on which preliminary work has been
31 completed by another; or

32 (3) offer, facilitate, or make refund anticipation loans or checks.

33 "Tax preparer" means an individual, corporation, partnership,
34 limited liability company, association, trustee or other entity who
35 provides tax preparation services.

36 (cf: P.L.2007, c.258, s.1)

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCM committee amendments adopted February 10, 2022.

1 2. Section 2 of P.L.2007, c.258 (C.17:11D-2) is amended to
2 read as follows:

3 2. No tax preparer shall:

4 a. Without reasonable cause, fail to promptly, diligently and
5 without unreasonable delay complete a client's tax return;

6 b. Obtain the signature of a client to a tax return or authorizing
7 document containing blank entries to be completed after the
8 document has been signed;

9 c. Fail to sign a client's tax return as the tax preparer;

10 d. Fail or refuse to give a client a copy of any document
11 requiring the client's signature within a reasonable time after the
12 client signs the document;

13 e. Fail to retain for at least four years a copy of individual
14 income tax returns;

15 f. Fail to maintain a confidential relationship with a client or
16 former client;

17 g. Fail to take reasonable measures to maintain the
18 confidentiality of information or documents provided by the client;

19 h. Produce, authorize, publish, disseminate, circulate, or cause
20 to make any false, deceptive, or misleading statement or
21 representation relating to or in connection with the offering or
22 provision of tax preparation services;

23 i. Require a client to enter into a refund anticipation loan or
24 refund anticipation check agreement in order to complete a tax
25 return;

26 j. Claim, or make representations to a client concerning,
27 credits or deductions for which the tax preparer knows or
28 reasonably should know the client does not qualify;

29 k. Charge, offer to accept, or accept a fee based on a
30 percentage of an anticipated refund in exchange for tax preparation
31 services; **[or]**

32 l. Withhold or decline to return to a client documentation
33 provided by the client for use in preparing a client's tax return; or

34 m. Provide, offer, or advertise refund anticipation loan or check
35 services using terms such as "free," "no cost," "no fee," or other
36 language that would lead a client to reasonably believe that the
37 refund anticipation loan or refund anticipation check is provided at
38 no cost to the client if the issuance of a refund anticipation loan or
39 refund anticipation check results in, or is predicated upon, the
40 assessment of higher or additional fees for other tax preparation or
41 other services than are charged to clients who do not receive refund
42 anticipation loan or refund anticipation check services.

43 (cf: P.L.2007, c.258, s.2)

44
45 3. Section 4 of P.L.2007, c.258 (C.17:11D-4) is amended to
46 read as follows:

47 4. A tax preparer shall provide an itemized statement of all
48 service charges and fees to the client, including, but not limited to,
49 charges¹ and fees¹ for each of the following:

- 1 a. tax return preparation;
2 b. electronic filing of a tax return; **and**
3 c. providing or facilitating a refund anticipation loan or refund
4 anticipation check; and
5 d. ¹(1) any¹ interest, including the estimated amount of interest
6 in the event a refund is delayed, under the terms and conditions of a
7 refund anticipation loan ¹**or** ; and (2) any amounts to be paid to
8 the tax preparer in the event a refund is delayed, under the terms
9 and conditions of a¹ refund anticipation check.
10 (cf: P.L.2007, c.258, s.4)

11
12 4. (New section) It shall be an unlawful practice and violation
13 of P.L.1960, c.39 (C.56:8-1 et seq.) for a tax preparer to violate any
14 provision of P.L.2007, c.258 (C.17:11D-1 et seq.).

15
16 5. This act shall take effect immediately ¹and its application
17 shall begin with tax filings prepared in 2023 for calendar year
18 2022¹.

19
20
21
22
23 Prohibits tax preparers from engaging in certain practices
24 involving refund anticipation checks and loans.

SENATE, No. 891

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JANUARY 27, 2022

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

SYNOPSIS

Prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 2/3/2022)

S891 POU, SCUTARI

2

1 AN ACT concerning tax refund anticipation loans and checks, and
2 amending and supplementing P.L.2007, c.258 (C.17:11D-1 et
3 seq.).

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. Section 1 of P.L.2007, c.258 (C.17:11D-1) is amended to read
9 as follows:

10 As used in this act:

11 "Client" means an individual who engages the services of a tax
12 preparer.

13 "Commissioner" means the Commissioner of Banking and
14 Insurance.

15 "Refund anticipation check" means a check, stored value card, or
16 other payment mechanism representing the actual or anticipated
17 proceeds of the client's federal or State income tax refund which
18 was issued by a depository institution, tax preparer, or other person
19 that received or anticipates receipt of a direct deposit of the client's
20 federal or State income tax refund and for which the client has paid
21 a fee or other consideration for such payment mechanism.

22 "Refund anticipation loan" means a loan that is secured by, or
23 that the tax preparer anticipates from, a client's federal or State
24 income tax refund.

25 "Tax preparation services" means services provided for a fee or
26 other consideration to a client to:

27 (1) assist with preparing or filing State or federal individual
28 income tax returns;

29 (2) assume final responsibility for completed work on an
30 individual income tax return on which preliminary work has been
31 completed by another; or

32 (3) offer, facilitate, or make refund anticipation loans or checks.

33 "Tax preparer" means an individual, corporation, partnership,
34 limited liability company, association, trustee or other entity who
35 provides tax preparation services.

36 (cf: P.L.2007, c.258, s.1)

37
38 2. Section 2 of P.L.2007, c.258 (C.17:11D-2) is amended to
39 read as follows:

40 2. No tax preparer shall:

41 a. Without reasonable cause, fail to promptly, diligently and
42 without unreasonable delay complete a client's tax return;

43 b. Obtain the signature of a client to a tax return or authorizing
44 document containing blank entries to be completed after the
45 document has been signed;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

S891 POU, SCUTARI

- 1 c. Fail to sign a client's tax return as the tax preparer;
2 d. Fail or refuse to give a client a copy of any document
3 requiring the client's signature within a reasonable time after the
4 client signs the document;
5 e. Fail to retain for at least four years a copy of individual
6 income tax returns;
7 f. Fail to maintain a confidential relationship with a client or
8 former client;
9 g. Fail to take reasonable measures to maintain the
10 confidentiality of information or documents provided by the client;
11 h. Produce, authorize, publish, disseminate, circulate, or cause
12 to make any false, deceptive, or misleading statement or
13 representation relating to or in connection with the offering or
14 provision of tax preparation services;
15 i. Require a client to enter into a refund anticipation loan or
16 refund anticipation check agreement in order to complete a tax
17 return;
18 j. Claim, or make representations to a client concerning,
19 credits or deductions for which the tax preparer knows or
20 reasonably should know the client does not qualify;
21 k. Charge, offer to accept, or accept a fee based on a
22 percentage of an anticipated refund in exchange for tax preparation
23 services; **[or]**
24 l. Withhold or decline to return to a client documentation
25 provided by the client for use in preparing a client's tax return; or
26 m. Provide, offer, or advertise refund anticipation loan or check
27 services using terms such as "free," "no cost," "no fee," or other
28 language that would lead a client to reasonably believe that the
29 refund anticipation loan or refund anticipation check is provided at
30 no cost to the client if the issuance of a refund anticipation loan or
31 refund anticipation check results in, or is predicated upon, the
32 assessment of higher or additional fees for other tax preparation or
33 other services than are charged to clients who do not receive refund
34 anticipation loan or refund anticipation check services.

35 (cf: P.L.2007, c.258, s.2)

36
37 3. Section 4 of P.L.2007, c.258 (C.17:11D-4) is amended to
38 read as follows:

39 4. A tax preparer shall provide an itemized statement of all
40 service charges and fees to the client, including, but not limited to,
41 charges for each of the following:

- 42 a. tax return preparation;
43 b. electronic filing of a tax return; **[and]**
44 c. providing or facilitating a refund anticipation loan or refund
45 anticipation check; and
46 d. interest, including the estimated amount of interest in the
47 event a refund is delayed, under the terms and conditions of a
48 refund anticipation loan or refund anticipation check.

49 (cf: P.L.2007, c.258, s.4)

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 891

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 2022

The Senate Commerce Committee reports favorably and with committee amendments Senate Bill No. 891.

As amended, this bill prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans.

An income tax refund is the largest lump-sum payment that many residents in the State receive in a given year, and many tax preparers take advantage of this fact by offering residents—particularly low-income residents—refund anticipation loans and checks at exorbitant interest rates or with other exploitative practices. Under this bill, tax preparers will be prohibited from requiring clients to enter into a refund anticipation check agreement in order to complete a tax return. Tax preparers will also be prohibited from providing, offering, or advertising refund anticipation loan or check services using terms such as “free,” “no cost,” “no fee,” or other language that would lead a client to reasonably believe that the refund anticipation loan or check is provided at no cost to the client if the issuance of a refund anticipation loan or check results in, or is predicated upon, the assessment of higher or additional fees for other tax preparation or other services than are charged to clients who do not receive refund anticipation loan or check services.

Additionally, tax preparers will be required to provide an itemized statement of all service charges and fees for tax return preparation, electronic filing of a tax return, providing or facilitating a refund anticipation loan or refund anticipation check and any interest charged, including the estimated amount of interest in the event a refund is delayed, under the terms and conditions of a refund anticipation loan; and any amounts to be paid to the tax preparer in the event a refund is delayed, under the terms and conditions of a refund anticipation check. Tax preparers who violate any of the provisions of this bill will be subject to the Consumer Fraud Act. As used in this bill, “refund anticipation check” means a check, stored value card, or other payment mechanism representing the actual or anticipated proceeds of the client’s federal or State

income tax refund which was issued by a depository institution, tax preparer, or other person that received or anticipates receipt of a direct deposit of the client's federal or State income tax refund and for which the client has paid a fee or other consideration for such payment mechanism.

Lastly, the effective date of the bill is immediate and its application to begin with tax filings prepared in 2023 for calendar year 2022.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- (1) add a subsequent reference to "fees" in the provision on what itemized statements are to include;
- (2) stipulate that an itemized statement is to include any amounts paid to the tax preparer in the event a refund is delayed, under the terms and conditions of a refund anticipation check; and
- (3) clarify that the application of the bill is to begin with tax filings prepared in 2023 for calendar year 2022.

ASSEMBLY REGULATED PROFESSIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 891

STATE OF NEW JERSEY

DATED: JUNE 2, 2022

The Assembly Regulated Professions Committee reports favorably Senate Bill No. 891 (1R).

This bill prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans.

An income tax refund is the largest lump-sum payment that many residents in the State receive in a given year, and many tax preparers take advantage of this fact by offering residents—particularly low-income residents—refund anticipation loans and checks at exorbitant interest rates or with other exploitative practices. Under this bill, tax preparers will be prohibited from requiring clients to enter into a refund anticipation check agreement in order to complete a tax return. Tax preparers will also be prohibited from providing, offering, or advertising refund anticipation loan or check services using terms such as “free,” “no cost,” “no fee,” or other language that would lead a client to reasonably believe that the refund anticipation loan or check is provided at no cost to the client if the issuance of a refund anticipation loan or check results in, or is predicated upon, the assessment of higher or additional fees for other tax preparation or other services than are charged to clients who do not receive refund anticipation loan or check services.

Additionally, tax preparers will be required to provide an itemized statement of all service charges and fees for tax return preparation, electronic filing of a tax return, providing or facilitating a refund anticipation loan or refund anticipation check and any interest charged, including the estimated amount of interest in the event a refund is delayed, under the terms and conditions of a refund anticipation loan; and any amounts to be paid to the tax preparer in the event a refund is delayed, under the terms and conditions of a refund anticipation check. Tax preparers who violate any of the provisions of this bill will be subject to the Consumer Fraud Act. As used in this bill, “refund anticipation check” means a check, stored value card, or other payment mechanism representing the actual or anticipated proceeds of the client’s federal or State income tax refund which was issued by a depository institution, tax

preparer, or other person that received or anticipates receipt of a direct deposit of the client's federal or State income tax refund and for which the client has paid a fee or other consideration for such payment mechanism.

Lastly, the effective date of the bill is immediate and its application to begin with tax filings prepared in 2023 for calendar year 2022.

ASSEMBLY, No. 1557

STATE OF NEW JERSEY 220th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2022 SESSION

Sponsored by:

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Assemblyman STERLEY S. STANLEY

District 18 (Middlesex)

SYNOPSIS

Prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 2/3/2022)

A1557 MORIARTY, STANLEY

2

1 AN ACT concerning tax refund anticipation loans and checks and
2 amending and supplementing P.L.2007, c.258 (C.17:11D-1 et
3 seq.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 1 of P.L.2007, c.258 (C.17:11D-1) is amended to
9 read as follows:

10 1. As used in this act:

11 "Client" means an individual who engages the services of a tax
12 preparer.

13 "Commissioner" means the Commissioner of Banking and
14 Insurance.

15 "Refund anticipation check" means a check, stored value card, or
16 other payment mechanism representing the actual or anticipated
17 proceeds of the client's federal or State income tax refund which
18 was issued by a depository institution, tax preparer, or other person
19 that received or anticipates receipt of a direct deposit of the client's
20 federal or State income tax refund and for which the client has paid
21 a fee or other consideration for such payment mechanism.

22 "Refund anticipation loan" means a loan that is secured by, or
23 that the tax preparer anticipates from, a client's federal or State
24 income tax refund.

25 "Tax preparation services" means services provided for a fee or
26 other consideration to a client to:

27 (1) assist with preparing or filing State or federal individual
28 income tax returns;

29 (2) assume final responsibility for completed work on an
30 individual income tax return on which preliminary work has been
31 completed by another; or

32 (3) offer, facilitate, or make refund anticipation loans or checks.

33 "Tax preparer" means an individual, corporation, partnership,
34 limited liability company, association, trustee or other entity who
35 provides tax preparation services.

36 (cf: P.L.2007, c.258, s.1)
37

38 2. Section 2 of P.L.2007, c.258 (C.17:11D-2) is amended to
39 read as follows:

40 2. No tax preparer shall:

41 a. Without reasonable cause, fail to promptly, diligently and
42 without unreasonable delay complete a client's tax return;

43 b. Obtain the signature of a client to a tax return or authorizing
44 document containing blank entries to be completed after the
45 document has been signed;

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

- 1 c. Fail to sign a client's tax return as the tax preparer;
- 2 d. Fail or refuse to give a client a copy of any document
- 3 requiring the client's signature within a reasonable time after the
- 4 client signs the document;
- 5 e. Fail to retain for at least four years a copy of individual
- 6 income tax returns;
- 7 f. Fail to maintain a confidential relationship with a client or
- 8 former client;
- 9 g. Fail to take reasonable measures to maintain the
- 10 confidentiality of information or documents provided by the client;
- 11 h. Produce, authorize, publish, disseminate, circulate, or cause
- 12 to make any false, deceptive, or misleading statement or
- 13 representation relating to or in connection with the offering or
- 14 provision of tax preparation services;
- 15 i. Require a client to enter into a refund anticipation loan or
- 16 refund anticipation check agreement in order to complete a tax
- 17 return;
- 18 j. Claim, or make representations to a client concerning,
- 19 credits or deductions for which the tax preparer knows or
- 20 reasonably should know the client does not qualify;
- 21 k. Charge, offer to accept, or accept a fee based on a
- 22 percentage of an anticipated refund in exchange for tax preparation
- 23 services; **[or]**
- 24 l. Withhold or decline to return to a client documentation
- 25 provided by the client for use in preparing a client's tax return; or
- 26 m. Provide, offer, or advertise refund anticipation loan or check
- 27 services using terms such as "free," "no cost," "no fee," or other
- 28 language that would lead a client to reasonably believe that the
- 29 refund anticipation loan or refund anticipation check is provided at
- 30 no cost to the client if the issuance of a refund anticipation loan or
- 31 refund anticipation check results in, or is predicated upon, the
- 32 assessment of higher or additional fees for other tax preparation or
- 33 other services than are charged to clients who do not receive refund
- 34 anticipation loan or refund anticipation check services.

35 (cf: P.L.2007, c.258, s.2)

36

37 3. Section 4 of P.L.2007, c.258 (C.17:11D-4) is amended to

38 read as follows:

39 4. A tax preparer shall provide an itemized statement of all

40 service charges and fees to the client, including, but not limited to,

41 charges for each of the following:

- 42 a. tax return preparation;
- 43 b. electronic filing of a tax return; **[and]**
- 44 c. providing or facilitating a refund anticipation loan or refund
- 45 anticipation check; and
- 46 d. interest, including the estimated amount of interest in the
- 47 event a refund is delayed, under the terms and conditions of a

1 refund anticipation loan or refund anticipation check.

2 (cf: P.L.2007, c.258, s.4)

3

4 4. (New section) It shall be an unlawful practice and violation
5 of P.L.1960, c.39 (C.56:8-1 et seq.) for a tax preparer to violate any
6 provision of P.L.2007, c.258 (C.17:11D-1 et seq.).

7

8 5. This act shall take effect immediately.

9

10

11

STATEMENT

12

13 This bill prohibits tax preparers from engaging in certain
14 practices involving refund anticipation checks and loans.

15 An income tax refund is the largest lump-sum payment that
16 many residents in the State receive in a given year, and many tax
17 preparers take advantage of this fact by offering residents—
18 particularly low-income residents—refund anticipation loans and
19 checks at exorbitant interest rates or with other exploitative
20 practices. Under this bill, tax preparers will be prohibited from
21 requiring clients to enter into a refund anticipation check agreement
22 in order to complete a tax return. Tax preparers will also be
23 prohibited from providing, offering, or advertising refund
24 anticipation loan or check services using terms such as “free,” “no
25 cost,” “no fee,” or other language that would lead a client to
26 reasonably believe that the refund anticipation loan or check is
27 provided at no cost to the client if the issuance of a refund
28 anticipation loan or check results in, or is predicated upon, the
29 assessment of higher or additional fees for other tax preparation or
30 other services than are charged to clients who do not receive refund
31 anticipation loan or check services.

32 Additionally, tax preparers will be required to provide an
33 itemized statement of any service charges or fees for providing or
34 facilitating a refund anticipation check and any interest charged,
35 including the estimated amount of interest in the event a refund is
36 delayed, under the terms and conditions of a refund anticipation
37 loan or refund anticipation check. Tax preparers who violate any of
38 the provisions of this bill will be subject to the Consumer Fraud
39 Act. As used in this bill, “refund anticipation check” means a
40 check, stored value card, or other payment mechanism representing
41 the actual or anticipated proceeds of the client’s federal or State
42 income tax refund which was issued by a depository institution, tax
43 preparer, or other person that received or anticipates receipt of a
44 direct deposit of the client’s federal or State income tax refund and
45 for which the client has paid a fee or other consideration for such
46 payment mechanism.

ASSEMBLY CONSUMER AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1557

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 3, 2022

The Assembly Consumer Affairs Committee reports favorably and with committee amendments Assembly Bill No. 1557.

As amended and reported by the committee, this bill tax preparers from engaging in certain practices involving refund anticipation checks and loans.

An income tax refund is the largest lump-sum payment that many residents in the State receive in a given year, and many tax preparers take advantage of this fact by offering residents, particularly low-income residents, refund anticipation loans and checks at exorbitant interest rates or with other exploitative practices. Under this bill, tax preparers will be prohibited from requiring clients to enter into a refund anticipation check agreement in order to complete a tax return. Tax preparers also will be prohibited from providing, offering, or advertising refund anticipation loans or check services using terms such as “free,” “no cost,” “no fee,” or other language that would lead a client to reasonably believe that the refund anticipation loan or check is provided at no cost to the client if the issuance of a refund anticipation loan or check results in, or is predicated upon, the assessment of higher or additional fees for other tax preparation or other services than are charged to clients who do not receive refund anticipation loans or check services.

Additionally, tax preparers will be required to provide an itemized statement of any service charges or fees for providing or facilitating a refund anticipation check and, to the extent applicable, any interest charged, including the estimated amount of interest in the event a refund is delayed, under the terms and conditions of a refund anticipation loan or refund anticipation check. Tax preparers who violate any of the provisions of this bill will be subject to the Consumer Fraud Act. As used in this bill, “refund anticipation check” means a check, stored value card, or other payment mechanism representing the actual or anticipated proceeds of the client’s federal or State income tax refund which was issued by a depository institution, tax preparer, or other person that received or anticipates receipt of a direct deposit of the client’s federal or State

income tax refund and for which the client has paid a fee or other consideration for such payment mechanism.

The bill would take effect immediately and is to be applicable to services rendered for taxable years after the year in which it was enacted.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amendments:

1) clarify that tax preparers will be required to provide an itemized statement of any service charges or fees for providing or facilitating a refund anticipation check and, to the extent applicable, any interest charged, including the estimated amount of interest in the event a refund is delayed, under the terms and conditions of a refund anticipation loan or refund anticipation check; and

2) provide that the bill would take effect immediately and is to be applicable to services rendered for taxable years after the year in which it was enacted.

ASSEMBLY REGULATED PROFESSIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1557

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 2, 2022

The Assembly Regulated Professions Committee reports favorably and with committee amendments Assembly Bill No. 1557 (1R).

As amended, this bill prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans.

An income tax refund is the largest lump-sum payment that many residents in the State receive in a given year, and many tax preparers take advantage of this fact by offering residents, particularly low-income residents, refund anticipation loans and checks at exorbitant interest rates or with other exploitative practices. Under this bill, tax preparers will be prohibited from requiring clients to enter into a refund anticipation check agreement in order to complete a tax return. Tax preparers also will be prohibited from providing, offering, or advertising refund anticipation loans or check services using terms such as “free,” “no cost,” “no fee,” or other language that would lead a client to reasonably believe that the refund anticipation loan or check is provided at no cost to the client if the issuance of a refund anticipation loan or check results in, or is predicated upon, the assessment of higher or additional fees for other tax preparation or other services than are charged to clients who do not receive refund anticipation loans or check services.

Additionally, tax preparers will be required to provide an itemized statement of all service charges and fees for tax return preparation, electronic filing of a tax return, providing or facilitating a refund anticipation loan or refund anticipation check and any interest charged, including the estimated amount of interest in the event a refund is delayed, under the terms and conditions of a refund anticipation loan; and any amounts to be paid to the tax preparer in the event a refund is delayed, under the terms and conditions of a refund anticipation check. Tax preparers who violate any of the provisions of this bill will be subject to the Consumer Fraud Act. As used in this bill, “refund anticipation check” means a check, stored value card, or other payment mechanism representing the actual or anticipated proceeds of the client’s federal or State

income tax refund which was issued by a depository institution, tax preparer, or other person that received or anticipates receipt of a direct deposit of the client's federal or State income tax refund and for which the client has paid a fee or other consideration for such payment mechanism.

Lastly, the effective date of the bill is immediate and its application to begin with tax filings prepared in 2023 for calendar year 2022.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- 1) add references to "charges" and to "fees" in the provision on what itemized statements are to include;
- 2) stipulate that an itemized statement is to include any amounts paid to the tax preparer in the event a refund is delayed, under the terms and conditions of a refund anticipation check; and
- 3) clarify that the application of the bill is to begin with tax filings prepared in 2023 for calendar year 2022.

Governor Murphy Signs Package of Bills Targeting Predatory Financial Practices

08/5/2022

New Laws Include Measure that Will Toughen New Jersey's Antitrust Laws

TRENTON – Governor Phil Murphy today signed three bills, S-891/A-1557, S-902/A-1559, and A-1556/S-901, protecting New Jersey consumers from predatory financial practices. These new laws include measures that will toughen New Jersey's antitrust laws.

"New Jersey consumers are the heartbeat of our state's economy and it is imperative that we protect them from those who are looking to target their finances," **said Governor Murphy**. "These bills will set new standards for financial service providers to abide by, giving our consumers the protection they need from certain deceptive actors. Our communities of color will particularly benefit from this package of bills as they have experienced these unethical financial practices at a higher rate than others."

"The legislation signed by Governor Murphy today further enhances consumer protections in New Jersey and demonstrates the Administration's ongoing commitment to stand up for our State's residents, especially those most vulnerable to deceptive business practices," **said Acting Attorney General Matthew J. Platkin**. "These laws provide us more legal tools to hold accountable those who seek to take advantage of consumers in our State. And make no mistake, we will hold you accountable under the law."

"The protections signed into law today expand and strengthen the ability of the Division of Consumer Affairs to pursue action against those who violate the rights of consumers through unscrupulous business practices, deceptive service contracts, and predatory tax refund programs," **stated Cari Fais, Acting Director of the NJ Division of Consumer Affairs**. "I commend Governor Murphy and the Legislature for their commitment to protecting New Jersey consumers."

This legislation was initiated by the Division of Consumer Affairs in the Department of Law and Public Safety and will protect consumers from exploitive practices associated with tax preparation and refund services and service contracts by prohibiting misleading marketing and requiring clearer disclosures, as well as financial assurances for service contract providers. These protections are particularly important for socially vulnerable communities, including individuals with low and moderate income and limited English proficiency and people of color, who are often targeted by bad actors in the financial and services sectors.

The legislation will also enhance the ability of the Division and the Attorney General to take enforcement action to protect New Jersey consumers by making clear that abusive commercial practices and violations of federal consumer protection laws are violations of the Consumer Fraud Act, by requiring that private litigants provide notice to the Division of filings in consumer protection cases, and by amending state antitrust law to allow for claims to be brought by parties who are harmed indirectly by anticompetitive action.

The Governor signed the following bills:

S-891/A-1557 (Scutari, Pou/Moriarty, Stanley, Mukherji) - Prohibits tax preparers from engaging in certain practices involving refund anticipation checks and loans

S-902/A-1559 (Pou/Moriarty, Stanley, Benson) - Imposes certain consumer protection requirements on service contract providers

A-1556/S-901 (Moriarty, Stanley, Mukherji/Pou) - Updates notice requirements for actions alleging consumer fraud violations and adds indirect purchasers as parties who can receive damages for antitrust violations

Primary sponsors for the legislation include Senate President Nicholas Scutari, Senator Nellie Pou, Assemblyman Paul Moriarty, Assemblyman Sterley Stanley, Assemblyman Raj Mukherji, and Assemblyman Daniel Benson.

“Getting money sooner sounds good at the surface, but it almost always comes with a catch,” **said Senate President Nicholas Scutari**. “This legislation will prevent tax filing services from deceiving residents and taking money out of the pockets of people who need it the most.”

“Tax filing season represents a chance for relief for Americans who may face difficulty balancing their household budgets. Although these refunds provide a boost at just the right time for many families, the filing process can be difficult to navigate, and low-income families in need of assistance can find themselves exposed to consumer protection risks when working with tax preparation services,” **said Senator Nellie Pou**. “This law will put the onus on tax preparers to explain fully to clients what is involved in a refund anticipation check, and prohibit them from requiring clients to enter into such agreements.”

“Unscrupulous advertisements for “free” refund anticipation or loan services have misrepresented service fees for far too long. Residents, many times, are left with hundreds of dollars less in their tax refund checks. This is money out of their pockets and household budgets,” **said Assemblyman Raj Mukherji**. “With this new law, we will stop this deceptive practice and ensure consumers have all of the information they need to make the best decision at tax time.”

“Consumer protections benefit all New Jerseyans,” **said Assemblymen Dan Benson and Sterley Stanley**. “No one should be taken advantage of when going to get their taxes prepared or simply acquiring a service contract for their home. We must hold businesses accountable and ensure New Jersey residents are confident in carrying out their day-to-day purchases.”

“Consumers have every right to clear representation of any service offered by a company, especially when it applies to their tax refunds, one of the largest payments an individual receives each year,” **said Assemblyman Paul Moriarty**. “This legislation along with the other two measures maintains an even playing field for consumers and businesses. Addressing situations many New Jersey residents have faced, these measures are essential protection for New Jersey consumers.”