

SENATE, No. 4240

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED DECEMBER 2, 2021

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator NICHOLAS P. SCUTARI

District 22 (Middlesex, Somerset and Union)

Co-Sponsored by:

Senator Cryan

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: 12/6/2021)

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 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

