

# 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)

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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.

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- 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)

