



Michigan League FOR Human Services

TESTIMONY ON HOUSE BILL 4166
House Committee on Banking and Financial Services
March 12, 2009

Good morning. My name is Peter Ruark and I am a Planning and Research Associate for the Michigan League for Human Services. The League is a state-level policy organization focused on the needs of low-income households in Michigan. I would like to thank you for the opportunity to testify on behalf of the League in support of House Bill 4166, a bill that establishes disclosure rules for refund anticipation loans.

It is important that filers fully understand the fees and costs involved in receiving a refund anticipation loan. The disclosure rules in HB 4166 ensure that the costs of such loans are made explicit to filers. They also allow filers who have agreed to such loans to rescind the agreement before the close of the following business day.

We are particularly concerned about the high costs of these refunds because we are strong supporters of the state and federal Earned Income Tax Credits. These tax credits are refundable credits available to low- and moderate-income married or single workers, with or without children, who meet the income requirements. The amount of the credit depends on a worker's earnings, whether the worker is single or married filing jointly, and the number of children in the household.

Last year at tax time (Tax Year 2007), more than 700,000 Michigan workers claimed a total of more than \$1.4 billion in tax credits through the federal earned income credit. This current tax filing season is the first in which low-income workers will also be able to file for the new Michigan earned income credit, based on ten percent of the federal credit. These credits are an investment in family well-being. They reward work and strengthen local economies, because workers tend to spend a large part of their refunds locally.

Unfortunately, each year a large number of Michigan workers receiving the earned income credit forfeit a large part of their refund by taking out refund anticipation loans from commercial tax preparers. Filers who claim the earned income credit and take out a refund anticipation loan often forfeit 15 to 30 percent of their refund because of tax preparation and loan fees. The IRS reports that for Tax Year 2005, more than a quarter of Michigan workers claiming the earned income credit paid for refund anticipation loans, and the amount of refund money lost to these loans totaled more than \$87.3 million. This money that the federal government invested in workers instead went into the pockets of commercial tax preparers. Enactment of HB 4166 may help more earned income credit dollars, both state and federal, go to the low- and middle-income families and individuals they are intended to help.

In summary, the Michigan League for Human Services supports HB 4166 because we feel that the new disclosure rules are necessary. I have provided each of you a table showing the number of earned income credit filers in your district, as well as the number of refund anticipation loans. Thank you for allowing me to testify today.

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EITC and RAL Returns by Michigan House District, Tax Year 2005

Michigan League for Human Services

District	House	Total Returns		EITC Returns		EITC Amount		Total RAL		Percent of EITC Returns
		Number	Number	Percent	Total	Average	Number	Number		
1	Rep. Timothy Bledsoe	39,275	5,466	13.9%	\$11,377,171	\$2,082	3,064	1,917	35.1%	
2	Rep. Lamar Lemmons Jr.	24,114	11,390	47.2%	\$27,659,867	\$2,428	6,780	4,996	43.9%	
3	Rep. Bettie Cook Scott	22,721	10,087	44.4%	\$23,856,356	\$2,365	5,771	4,319	42.8%	
4	Rep. Coleman Young II	23,152	9,292	40.1%	\$21,529,025	\$2,317	5,085	3,804	40.9%	
5	Rep. Bert Johnson	25,266	10,885	43.1%	\$25,090,524	\$2,305	5,246	3,896	35.8%	
6	Rep. Fred Durhal, Jr.	23,772	9,975	42.0%	\$22,083,234	\$2,214	5,481	4,163	41.7%	
7	Rep. Jimmy Womack	24,790	9,768	39.4%	\$22,294,449	\$2,282	5,783	4,259	43.6%	
8	Rep. George Cushingberry Jr.	30,307	9,601	31.7%	\$20,722,828	\$2,158	5,987	3,950	41.1%	
9	Rep. Shanelle Jackson	28,865	9,413	32.6%	\$20,453,103	\$2,173	6,024	4,030	42.8%	
10	Rep. Gabe Leland	28,134	10,548	37.5%	\$23,803,826	\$2,257	6,298	4,429	42.0%	
11	Rep. David Nathan	25,547	10,718	42.0%	\$24,688,326	\$2,304	5,899	4,363	40.7%	
12	Rep. Rashida Tlaib	21,497	7,542	35.1%	\$16,440,509	\$2,180	3,760	2,552	33.8%	
13	Rep. Andrew Kandrevas	44,663	4,409	9.9%	\$7,063,138	\$1,602	2,270	929	21.1%	
14	Rep. Ed Clemente	40,411	6,782	16.8%	\$12,379,180	\$1,825	4,173	2,158	31.8%	
15	Rep. Gino Polidori	39,629	6,854	17.3%	\$15,151,804	\$2,211	1,275	629	9.2%	
16	Rep. Bob Constan	40,012	6,634	16.6%	\$12,174,197	\$1,835	3,688	2,055	31.0%	
17	Rep. Andy Dillon	43,526	5,355	12.3%	\$9,681,779	\$1,808	2,424	1,056	19.7%	
18	Rep. Richard LeBlanc	40,353	5,692	14.1%	\$9,648,816	\$1,695	3,140	1,549	27.2%	
19	Rep. John Walsh	46,167	2,448	5.3%	\$3,556,578	\$1,453	800	268	11.0%	
20	Rep. Marc Corriveau	48,698	3,334	6.8%	\$5,247,346	\$1,574	1,530	711	21.3%	
21	Rep. Dian Slavens	47,124	4,198	8.9%	\$7,247,388	\$1,726	2,141	1,001	23.9%	
22	Rep. Douglas Geiss	39,635	7,354	18.6%	\$13,870,102	\$1,886	4,297	2,262	30.8%	
23	Rep. Deb Kennedy	43,712	4,282	9.8%	\$7,360,777	\$1,719	2,582	1,101	25.7%	
24	Rep. Sarah Roberts	44,121	3,661	8.3%	\$5,588,445	\$1,526	1,487	628	17.2%	
25	Rep. Jon Switalski	45,971	4,447	9.7%	\$7,577,684	\$1,704	1,357	603	13.6%	
26	Rep. Marie Donigan	45,806	3,878	8.5%	\$5,465,487	\$1,409	1,296	537	13.8%	
27	Rep. Ellen Cogen Lipton	41,733	5,882	14.1%	\$9,958,775	\$1,693	2,831	1,427	24.3%	
28	Rep. Lesia Liss	41,936	7,515	17.9%	\$13,783,578	\$1,834	3,804	2,082	27.7%	
29	Rep. Tim Melton	32,949	8,486	25.8%	\$16,988,012	\$2,002	5,040	3,357	39.6%	
30	Rep. Tory Rocca	45,207	4,342	9.6%	\$7,532,952	\$1,735	1,180	503	11.6%	
31	Rep. Fred Miller	41,381	5,719	13.8%	\$10,058,763	\$1,759	2,666	1,421	24.9%	
32	Rep. Jennifer Haase	46,127	4,565	9.9%	\$7,798,235	\$1,708	2,147	922	20.2%	
33	Rep. Kim Meltzer	52,745	3,568	6.8%	\$5,727,092	\$1,605	1,209	462	12.9%	
34	Rep. Woodrow Stanley	28,298	10,339	36.5%	\$21,827,991	\$2,111	5,622	4,249	41.1%	
35	Rep. Vincent Gregory	41,273	6,092	14.8%	\$10,940,561	\$1,796	3,841	1,847	30.3%	
36	Rep. Pete Lund	49,936	3,568	7.1%	\$5,652,768	\$1,585	1,241	528	14.8%	
37	Rep. Vicki Barnett	44,887	3,011	6.7%	\$4,555,853	\$1,513	1,084	428	14.2%	
38	Rep. Hugh Crawford	50,121	3,275	6.5%	\$5,057,074	\$1,544	1,458	602	18.4%	
39	Rep. Lisa Brown	43,047	2,333	5.4%	\$3,229,267	\$1,384	693	244	10.4%	
40	Rep. Chuck Moss	43,370	1,460	3.4%	\$1,721,880	\$1,180	335	116	7.9%	



EITC and RAL Returns by Michigan House District, Tax Year 2005

Michigan League for Human Services

District	House	Total Returns		EITC Returns		EITC Amount		Total RAL		Percent of EITC Returns
		Number	Number	Percent	Total	Average	Number	Number		
41	Rep. Marty Kollenberg	45,646	2,432	5.3%	\$3,443,801	\$1,416	579	220	9.0%	
42	Rep. Harold Haugh	41,904	6,062	14.5%	\$10,576,426	\$1,745	3,089	1,500	24.7%	
43	Rep. Gail Haines	40,682	3,850	9.5%	\$6,170,141	\$1,603	1,806	785	20.4%	
44	Rep. Eileen Kowall	45,033	3,513	7.8%	\$5,726,916	\$1,630	1,448	644	18.3%	
45	Rep. Tom McMillin	47,070	2,348	5.0%	\$3,418,430	\$1,456	729	275	11.7%	
46	Rep. Jim Marleau	45,812	3,620	7.9%	\$5,897,355	\$1,629	1,555	677	18.7%	
47	Rep. Cindy Denby	45,239	3,596	7.9%	\$5,792,871	\$1,611	1,322	530	14.7%	
48	Rep. Richard Hammel	38,891	6,767	17.4%	\$12,808,350	\$1,893	3,007	1,863	27.5%	
49	Rep. Lee Gonzales	38,900	7,851	20.2%	\$14,770,433	\$1,881	3,874	2,513	32.0%	
50	Rep. Jim Slezak	38,436	6,931	18.0%	\$12,816,903	\$1,849	2,916	1,724	24.9%	
51	Rep. Paul Scott	48,378	4,510	9.3%	\$7,645,547	\$1,695	1,819	844	18.7%	
52	Rep. Pam Byrnes	46,794	2,676	5.7%	\$3,736,925	\$1,396	744	336	12.5%	
53	Rep. Rebekah Warren	40,211	2,776	6.9%	\$3,608,513	\$1,300	728	386	13.9%	
54	Rep. Alma Wheeler Smith	40,680	6,429	15.8%	\$11,788,072	\$1,834	3,600	2,170	33.8%	
55	Rep. Kathy Angerer	44,801	4,096	9.1%	\$6,802,225	\$1,661	1,725	793	19.4%	
56	Rep. Kate Ebli	44,397	5,485	12.4%	\$9,719,839	\$1,772	3,226	1,571	28.6%	
57	Rep. Dudley Spade	41,779	5,387	12.9%	\$9,421,702	\$1,749	2,084	1,157	21.5%	
58	Rep. Kenneth Kurtz	39,077	6,678	17.1%	\$11,838,341	\$1,773	3,108	1,837	27.5%	
59	Rep. Matt Lori	41,701	6,787	16.3%	\$11,989,983	\$1,767	3,857	2,065	30.4%	
60	Rep. Robert Jones	36,547	7,009	19.2%	\$12,473,739	\$1,780	3,502	2,411	34.4%	
61	Rep. Larry DeShazor	46,664	4,883	10.5%	\$8,052,807	\$1,649	2,180	1,219	25.0%	
62	Rep. Kate Segal	41,507	7,508	18.1%	\$13,721,287	\$1,828	3,912	2,503	33.3%	
63	Rep. James Bolger	43,182	6,366	14.7%	\$11,319,438	\$1,778	3,060	1,906	29.9%	
64	Rep. Martin Griffin	38,058	6,788	17.8%	\$12,429,078	\$1,831	3,117	2,018	29.7%	
65	Rep. Mike Simpson	37,813	5,009	13.2%	\$8,782,145	\$1,753	2,207	1,240	24.7%	
66	Rep. Bill Rogers	44,177	2,718	6.2%	\$4,100,076	\$1,508	1,067	398	14.6%	
67	Rep. Barb Byrum	44,880	6,530	14.5%	\$11,741,388	\$1,798	2,692	1,634	25.0%	
68	Rep. Joan Bauer	42,599	8,586	20.2%	\$15,232,113	\$1,774	3,741	2,546	29.7%	
69	Rep. Mark Meadows	33,340	2,460	7.4%	\$3,527,716	\$1,434	650	304	12.4%	
70	Rep. Mike Huckleberry	35,558	6,268	17.6%	\$11,052,819	\$1,763	2,796	1,519	24.2%	
71	Rep. Rick Jones	45,800	5,630	12.3%	\$9,649,057	\$1,714	2,247	1,255	22.3%	
72	Rep. Justin Amash	44,884	5,812	12.9%	\$10,490,544	\$1,805	2,204	1,351	23.3%	
73	Rep. Tom Pearce	46,666	4,965	10.6%	\$8,449,956	\$1,702	1,794	978	19.7%	
74	Rep. David Agema	44,443	3,893	8.8%	\$6,490,989	\$1,667	1,332	702	18.0%	
75	Rep. Robert Dean	38,015	7,035	18.5%	\$13,900,026	\$1,976	2,906	2,069	29.4%	
76	Rep. Roy Schmidt	35,754	7,902	22.1%	\$15,119,832	\$1,913	3,456	2,415	30.6%	
77	Rep. Kevin Green	40,710	6,442	15.8%	\$11,594,135	\$1,800	2,608	1,511	23.5%	
78	Rep. Sharon Tyler	39,265	6,487	16.5%	\$11,387,629	\$1,755	2,782	1,613	24.9%	
79	Rep. John Proos	39,149	7,836	20.0%	\$16,085,712	\$2,053	3,473	2,591	33.1%	
80	Rep. Tonya Schuitmaker	38,425	6,633	17.3%	\$11,792,363	\$1,778	3,094	1,863	28.1%	



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Michigan League for Human Services

District	House	Total Returns	EITC Returns		EITC Amount		Total RAL	EITC RAL	
		Number	Number	Percent	Total	Average	Number	Number	Percent of EITC Returns
81	Rep. Phil Pavlov	44,661	4,937	11.1%	\$8,172,229	\$1,655	2,323	1,023	20.7%
82	Rep. Kevin Daley	40,374	4,777	11.8%	\$8,328,397	\$1,743	1,920	843	17.6%
83	Rep. John Espinoza	41,629	7,296	17.5%	\$12,998,382	\$1,782	3,662	2,070	28.4%
84	Rep. Terry Brown	42,614	6,389	15.0%	\$10,971,477	\$1,717	2,245	1,218	19.1%
85	Rep. Richard Ball	39,065	5,610	14.4%	\$9,535,147	\$1,700	1,902	984	17.5%
86	Rep. Dave Hildenbrand	42,349	4,256	10.1%	\$7,293,838	\$1,714	1,591	907	21.3%
87	Rep. Brian Calley	42,566	5,514	13.0%	\$9,284,487	\$1,684	2,194	1,124	20.4%
88	Rep. Bob Genetski	44,290	6,050	13.7%	\$10,579,343	\$1,749	2,684	1,490	24.6%
89	Rep. Arlan Meekhof	39,624	4,120	10.4%	\$6,929,589	\$1,682	1,631	842	20.4%
90	Rep. Joseph Haveman	42,060	4,477	10.6%	\$7,757,525	\$1,733	1,829	1,028	23.0%
91	Rep. Mary Valentine	38,478	6,614	17.2%	\$12,348,876	\$1,867	2,837	1,807	27.3%
92	Rep. Doug Bennett	35,305	7,202	20.4%	\$13,867,281	\$1,926	3,275	2,141	29.7%
93	Rep. Paul Opsommer	41,340	5,421	13.1%	\$9,417,146	\$1,737	1,854	1,055	19.5%
94	Rep. Kenneth Horn	43,569	4,762	10.9%	\$8,177,026	\$1,717	1,842	989	20.8%
95	Rep. Andy Coulouris	31,163	10,420	33.4%	\$22,051,446	\$2,116	5,216	3,930	37.7%
96	Rep. Jeff Mayes	43,349	6,817	15.7%	\$11,729,684	\$1,721	2,453	1,539	22.6%
97	Rep. Tim Moore	39,529	7,212	18.2%	\$12,606,443	\$1,748	2,659	1,632	22.6%
98	Rep. Jim Stamas	40,093	5,172	12.9%	\$8,845,317	\$1,710	1,741	1,026	19.8%
99	Rep. Bill Caul	37,373	5,658	15.1%	\$9,489,737	\$1,677	2,582	1,303	23.0%
100	Rep. Goeff Hansen	35,754	6,683	18.7%	\$12,071,674	\$1,806	2,545	1,567	23.4%
101	Rep. Dan Scripps	44,392	6,484	14.6%	\$10,779,424	\$1,663	2,213	1,276	19.7%
102	Rep. Darwin Booher	40,825	7,388	18.1%	\$12,822,952	\$1,736	2,725	1,608	21.8%
103	Rep. Joel Sheltroun	39,255	6,999	17.8%	\$12,383,039	\$1,769	2,180	1,454	20.8%
104	Rep. Wayne Schmidt	48,977	6,595	13.5%	\$10,956,501	\$1,661	2,489	1,322	20.1%
105	Rep. Kevin Elsenheimer	45,782	7,285	15.9%	\$13,168,722	\$1,808	2,768	1,632	22.4%
106	Rep. Andy Neumann	39,866	6,599	16.6%	\$11,172,838	\$1,693	1,710	1,036	15.7%
107	Rep. Gary McDowell	39,526	6,106	15.4%	\$10,467,126	\$1,714	2,578	1,392	22.8%
108	Rep. Judy Nerat	41,568	6,131	14.7%	\$10,215,012	\$1,666	1,488	815	13.3%
109	Rep. Steven Lindberg	39,061	5,501	14.1%	\$8,744,042	\$1,589	1,274	700	12.7%
110	Rep. Michael Lahti	34,970	5,581	16.0%	\$8,817,625	\$1,580	1,106	683	12.2%
ALL DISTRICTS		4,422,552	656,776	14.9%	\$1,214,192,688	\$1,849	296,343	176,726	26.9%

Source: Brookings Institution Metropolitan Policy Program
 Prepared by Michigan League for Human Services

