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Georgia Watch names Rep. Rob Teilhet a Friend of the Consumer

ATLANTA – Georgia Watch today presented Rep. Rob Teilhet (D-Smyrna) with its first annual “Friend of the Consumer” award in recognition of his work to improve House Bill 130 – the credit freeze bill – by making that crucial consumer protection affordable for all Georgians. Credit freeze is the only effective tool to stop new account fraud, the most damaging form of identity theft, by prohibiting identity thieves from fraudulently opening new accounts or lines of credit.

Teilhet was the first member of the General Assembly to file a bill authorizing credit freeze. During the 2006 legislative session, Rep. Teilhet sponsored House Bill 966. Again in 2007, he filed House Bill 38. Neither bill moved out of the House Banks and Banking Committee.

Instead, the legislature passed HB 130, sponsored by committee Vice Chairman Calvin Hill (R-Canton). The law went into effect on August 01. For a fee of \$3 or less, Georgians can now request a credit freeze from the three major credit agencies (CRA's), essentially barring outside access to their credit file. Victims of identity theft and citizens aged 65 or older can utilize the freeze for free.

“For three years, Rep. Teilhet inspired bi-partisan support from colleagues in the House and the Senate for a low-cost credit freeze that is flexible and easy for consumers to use,” said Georgia Watch Executive Director Allison Wall. **“The credit goes to Rep. Teilhet for getting this conversation started, and the model law we have today is a testament to his determination to do the right thing for consumers.”**

“I am excited beyond words that we in Georgia now have the best credit freeze law in the United States,” added Georgia Watch board member and consumer advisor Clark Howard. **“Now Georgians have the best way possible to shut down identity thieves cold.”**

This year, Teilhet also sponsored House Bill 1030, which would have required better disclosure of costs and interest rates on Refund Anticipation Loans (RALs). RALs are short-term, high-cost loans secured by an expected income tax refund. These loans are heavily marketed by tax preparers and carry interest rates as high as 500 percent. As a result, RALs generally cost the borrower a significant portion of their refund.

Of the nearly 500,000 Georgia citizens who requested a RAL for their 2006 tax refund, approximately 435,617 – about 87 percent – were for low-income filers who earned an adjusted gross income of \$37,263 or less.

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Metro Atlanta ranks fifth in the nation among large metropolitan areas for RALs usage. Fifty-five percent of Atlanta recipients of the Earned Income Tax Credit took out a RAL in 2004, and paid at least \$5.5 million in fees and interest.

Low-income taxpayers in urban and rural areas of Georgia are equally as likely to take out a tax refund loan – particularly those who receive the Earned Income Tax Credit (EITC). Five of Georgia's rural counties are in the top 25 in the US for RAL usage.

Under HB 1030, tax preparers would have to inform borrowers of the costs and alternatives to RALs in advertising, store signage and acknowledgement forms. Specifically, HB 1030 required:

- Tax preparers must inform filers that RALs are loans, to be repaid even if the tax refund is less than estimated.
- Tax preparers must clearly and prominently display a RALs fee schedule.
- Tax preparers must inform recipients of the option to receive a refund within 10 business days, free of charge, from the IRS.

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The Georgia Watch report "Credit Freeze: Protecting Your Identity, Preventing New Account Fraud" is available online at www.GeorgiaWatch.org/CreditFreezeReport.html.

Founded in 2002, Georgia Watch is a nonprofit, nonpartisan 501-(c)(3) watchdog group focusing on consumer education and research in the areas of health, insurance and personal finance. Visit www.GeorgiaWatch.org for more information.