

115TH CONGRESS
1ST SESSION

S. 193

To facilitate nationwide availability of volunteer income tax assistance for low-income and underserved populations, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 23, 2017

Mr. BROWN (for himself and Mr. COONS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To facilitate nationwide availability of volunteer income tax assistance for low-income and underserved populations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Volunteer Income Tax
5 Assistance (VITA) Act”.

6 **SEC. 2. FINDINGS.**

7 Congress makes the following findings:

8 (1) Community Volunteer Income Tax Assist-
9 ance (VITA) programs offer tax preparation and re-
10 lated financial services, free of charge, to middle-

1 and low-income individuals and families. The major-
2 ity of individuals served by VITA programs have an-
3 nual household earnings below \$54,000.

4 (2) During the 2016 Federal income tax filing
5 season, VITA programs filed more than 3,800,000
6 Federal income tax returns. This included more than
7 714,000 returns for the earned income tax credit
8 (EITC), helping program recipients claim approxi-
9 mately \$1,100,000,000 in earned income tax credits
10 on their Federal tax refunds. One in every five tax-
11 payers who were eligible to claim the EITC failed to
12 do so.

13 (3) VITA programs assist underserved tax-
14 payers, including low-wage workers, persons with
15 disabilities, the elderly, Native Americans, rural pop-
16 ulations, and taxpayers with limited English pro-
17 ficiency.

18 (4) In 2016, clients of VITA programs elec-
19 tronically filed their tax returns at a much higher
20 rate (96.5 percent) than the general population
21 (86.4 percent).

22 (5) Electronic returns cost the Internal Rev-
23 enue Service considerably less to process (\$0.22 per
24 return) than paper returns (\$4.09 per return).

1 (6) The high rate of electronic filing by VITA
2 programs saves the Internal Revenue Service mil-
3 lions of dollars each year.

4 (7) An Internal Revenue Service survey has
5 shown that very low-income taxpayers are twice as
6 likely as the general population to visit a Taxpayer
7 Assistance Center and half as likely to use the Inter-
8 nal Revenue Service Web site. Volunteer tax prepa-
9 ration programs serve as an accessible and cost-ef-
10 fective alternative to other Internal Revenue Service
11 channels.

12 (8) Internal Revenue Service estimates from fis-
13 cal year 2005 found that the volunteer preparation
14 program cost \$12.01 per contact, while Taxpayer
15 Assistance Centers and assisted toll-free calls aver-
16 aged \$28.73 and \$19.46 per contact, respectively.

17 (9) The number of tax returns prepared by the
18 VITA program increased 100 percent between the
19 2014 (1,900,000 returns) and 2016 (3,800,000 re-
20 turns) tax filing seasons.

21 (10) During tax filing season 2016, 298 organi-
22 zations applied to the Internal Revenue Service seek-
23 ing more than \$24,300,000 in grant funding
24 through the VITA program, an amount which was
25 more than double the available resources, and 210

1 organizations received grants at a median grant of
2 approximately \$40,000.

3 **SEC. 3. DEFINITIONS.**

4 As used in this Act:

5 (1) **QUALIFIED RETURN PREPARATION PRO-**
6 **GRAM.**—The term “qualified return preparation pro-
7 gram” means any program—

8 (A) which provides assistance to individ-
9 uals, not less than 90 percent of whom are low-
10 income taxpayers, in preparing and filing Fed-
11 eral income tax returns, including schedules re-
12 porting sole proprietorship or farm income,

13 (B) which is administered by a qualified
14 entity,

15 (C) in which all of the volunteers who as-
16 sist in the preparation of Federal income tax
17 returns meet the training requirements pre-
18 scribed by the Secretary, and

19 (D) which uses a quality review process
20 which reviews 100 percent of all returns.

21 (2) **QUALIFIED ENTITY.**—

22 (A) **IN GENERAL.**—The term “qualified en-
23 tity” means any entity which—

24 (i) is described in subparagraph (B),

1 (ii) is in compliance with Federal tax
2 filing and payment requirements,

3 (iii) is not debarred or suspended
4 from Federal contracts, grants, or coopera-
5 tive agreements, and

6 (iv) agrees to provide documentation
7 to substantiate any matching funds pro-
8 vided under the VITA grant program.

9 (B) ENTITY DESCRIBED.—An entity is de-
10 scribed in this subparagraph if such entity is—

11 (i) an institution of higher education
12 which is described in section 102 (other
13 than subsection (a)(1)(C) thereof) of the
14 Higher Education Act of 1965 (20 U.S.C.
15 1088), as in effect on the date of the en-
16 actment of this Act, and which has not
17 been disqualified from participating in a
18 program under title IV of the Higher Edu-
19 cation Act of 1965,

20 (ii) an organization described in sec-
21 tion 501(c) of the Internal Revenue Code
22 of 1986 and exempt from tax under sec-
23 tion 501(a) of such Code,

24 (iii) a State or local government agen-
25 cy, including—

1 (I) a county or municipal govern-
2 ment agency,

3 (II) an Indian tribe, as defined in
4 section 4(13) of the Native American
5 Housing Assistance and Self-Deter-
6 mination Act of 1996 (25 U.S.C.
7 4103(13)), including any tribally des-
8 ignated housing entity (as defined in
9 section 4(22) of such Act (25 U.S.C.
10 4103(22))), tribal subsidiary, subdivi-
11 sion, or other wholly owned tribal en-
12 tity, and

13 (III) a State government agency,
14 but only if no other entity described in
15 this subparagraph is available to as-
16 sist the targeted population or com-
17 munity,

18 (iv) a local, State, regional, or na-
19 tional coalition (with one lead organization
20 which meets the eligibility requirements of
21 clause (i), (ii), or (iii) acting as the appli-
22 cant organization), or

23 (v) a Cooperative Extension Service
24 office, but only if no other entity described

1 in this subparagraph is available to assist
2 the targeted population or community.

3 (3) LOW-INCOME TAXPAYERS.—The term “low-
4 income taxpayer” means a taxpayer who has an in-
5 come which does not exceed 250 percent of the pov-
6 erty level, as determined in accordance with criteria
7 established by the Director of the Office of Manage-
8 ment and Budget.

9 (4) UNDERSERVED POPULATION.—The term
10 “underserved population” includes populations of
11 persons with disabilities, persons with limited
12 English proficiency, Native Americans, individuals
13 living in rural areas, and the elderly.

14 (5) LEAD NATIONAL ORGANIZATION.—The term
15 “lead national organization” means an organization
16 described in section 501(c) of the Internal Revenue
17 Code of 1986 and exempt from tax under section
18 501(a) of such Code which has demonstrated, to the
19 satisfaction of the Secretary—

20 (A) capacity in a minimum of 15 States,
21 territories, or tribal areas,

22 (B) expertise in the provision of tax prepa-
23 ration services to low-income taxpayers and un-
24 derserved populations,

1 (C) an ability to train program leadership
 2 and staff,

3 (D) capacity to disseminate information
 4 throughout the United States, and

5 (E) capacity to—

6 (i) maintain a Web site through which
 7 information is disseminated in an easily ac-
 8 cessible manner, and

9 (ii) provide technical assistance and
 10 training through Web-based technologies.

11 (6) SECRETARY.—The term “Secretary” means
 12 the Secretary of the Treasury or the Secretary’s del-
 13 egate.

14 **SEC. 4. GRANTS TO FACILITATE NATIONWIDE AVAIL-**
 15 **ABILITY OF VOLUNTEER INCOME TAX ASSIST-**
 16 **ANCE FOR LOW-INCOME AND UNDERSERVED**
 17 **POPULATIONS.**

18 (a) IN GENERAL.—The Secretary, through the Inter-
 19 nal Revenue Service, shall establish a Community Volun-
 20 teer Income Tax Assistance Matching Grant Program
 21 (hereinafter in this section referred to as the “VITA grant
 22 program”). Except as otherwise provided in this section,
 23 the VITA grant program shall be administered in the
 24 same manner as the Community Volunteer Income Tax
 25 Assistance matching grants demonstration program estab-

1 lished under title I of division D of the Consolidated Ap-
2 propriations Act, 2008.

3 (b) MATCHING GRANTS.—

4 (1) IN GENERAL.—The Secretary shall make
5 available grants under the VITA grant program to
6 provide matching funds for the development, expan-
7 sion, or continuation of qualified return preparation
8 programs assisting low-income taxpayers and mem-
9 bers of underserved populations.

10 (2) APPLICATION.—In order to be eligible for a
11 grant under this section, a qualified return prepara-
12 tion program shall submit an application to the Sec-
13 retary at such time, in such manner, and containing
14 such information as the Secretary may reasonably
15 require for each fiscal year.

16 (3) PRIORITY.—In awarding grants under this
17 section, the Secretary shall give priority to applica-
18 tions—

19 (A) demonstrating assistance to low-in-
20 come taxpayers, with emphasis on outreach to
21 and services for persons with an income at or
22 below 250 percent of the Federal poverty level,
23 as determined in accordance with criteria estab-
24 lished by the Director of the Office of Manage-
25 ment and Budget,

1 (B) demonstrating taxpayer outreach and
2 education around available income supports and
3 refundable credits such as the earned income
4 tax credit under section 32 of the Internal Rev-
5 enue Code of 1986, and

6 (C) demonstrating specific outreach and
7 focus on one or more underserved populations.

8 (4) USE OF FUNDS.—Qualified return prepara-
9 tion programs receiving a grant under this section
10 may use the grant for—

11 (A) ordinary and necessary costs associ-
12 ated with program operation in accordance with
13 Cost Principles Circulars as set forth by the Of-
14 fice of Management and Budget,

15 (B) outreach and educational activities re-
16 lating to eligibility and availability of income
17 supports available through the Internal Revenue
18 Code of 1986, such as the earned income tax
19 credit, and

20 (C) services related to financial education
21 and capability, asset development, and the es-
22 tablishment of savings accounts in connection
23 with tax return preparation.

24 (5) DURATION OF GRANTS.—

1 (A) IN GENERAL.—Except as provided in
2 subparagraph (B), a grant awarded under this
3 section shall be for a period of 1 year and shall
4 not be renewed other than through an applica-
5 tion under paragraph (2).

6 (B) EXTENDED GRANTS.—The Secretary
7 may award a grant under this section for a pe-
8 riod of not more than 3 years to any qualified
9 return preparation program which—

10 (i) received a grant under this section
11 for the preceding year, and

12 (ii) received a score of 90 percent or
13 better on a technical evaluation.

14 (c) PROMOTION AND REFERRAL.—

15 (1) PROMOTION.—The Secretary shall promote
16 the benefits of, and encourage the use of, tax prepa-
17 ration through the Volunteer Income Tax Assistance
18 program through the use of mass communications,
19 referrals, and other means.

20 (2) INTERNAL REVENUE SERVICE REFER-
21 RALS.—The Secretary may refer taxpayers to quali-
22 fied return preparation programs receiving funding
23 under this section.

24 (3) VITA GRANTEE REFERRAL.—Qualified re-
25 turn preparation programs receiving a grant under

1 this section are encouraged to refer, as appropriate,
 2 to local or regional Low Income Tax Clinics individ-
 3 uals who are eligible to receive services at such clin-
 4 ics.

5 (d) AUTHORIZATION OF APPROPRIATIONS.—

6 (1) IN GENERAL.—For each of fiscal years
 7 2017, 2018, 2019, 2020, and 2021, there are au-
 8 thorized to be appropriated \$30,000,000 to carry
 9 out the purposes of this section.

10 (2) RESERVATION.—From the funds appro-
 11 priated under paragraph (1) for any fiscal year, the
 12 Secretary shall reserve not more than 3 percent for
 13 administration of the program.

14 (3) AVAILABILITY.—Amounts appropriated pur-
 15 suant to the authority of paragraph (1) shall remain
 16 available without fiscal year limitation until ex-
 17 pended.

18 **SEC. 5. NATIONAL CENTER TO PROMOTE QUALITY, EXCEL-**
 19 **LENCE, AND EVALUATION IN VOLUNTEER IN-**
 20 **COME TAX ASSISTANCE.**

21 (a) NATIONAL CENTER TO PROMOTE QUALITY, EX-
 22 CELLENCE, AND EVALUATION IN VOLUNTEER INCOME
 23 TAX ASSISTANCE.—

24 (1) ESTABLISHMENT.—There is hereby estab-
 25 lished the National Center to Promote Quality, Ex-

1 cellence, and Evaluation in Volunteer Income Tax
2 Assistance (hereinafter in this section referred to as
3 the “Center”).

4 (2) PURPOSE.—The Center shall—

5 (A) promote the adoption of a universally
6 accessible volunteer training platform for the
7 preparation of Federal income tax returns,

8 (B) provide capacity-building technical as-
9 sistance to qualified return preparation pro-
10 gram managers,

11 (C) identify and disseminate best practices
12 related to tax site management emerging from
13 States, community-based organizations, non-
14 profit providers, and local government entities,

15 (D) support outreach and marketing ef-
16 forts to encourage the use of qualified return
17 preparation programs receiving funding under
18 section 4, and

19 (E) provide evaluation of programs and ac-
20 tivities funded under this Act, including—

21 (i) identification, both in aggregate
22 and disaggregate, of gaps in services for
23 low-income taxpayers and underserved pop-
24 ulations, and

1 (ii) independent evaluation of progress
 2 toward program objectives, as defined by
 3 the Secretary.

4 (3) ADMINISTRATION.—

5 (A) IN GENERAL.—The Secretary shall—

6 (i) designate, through a competitive
 7 process, one qualified entity to be the lead
 8 national organization, and

9 (ii) provide an annual grant to the
 10 lead national organization designated
 11 under clause (i).

12 (B) DUTIES OF LEAD NATIONAL ORGANI-
 13 ZATION.—The lead national organization shall
 14 use funds provided through the grant in sub-
 15 paragraph (A)(ii) to—

16 (i) carry out the purposes of the Cen-
 17 ter, and

18 (ii) make subgrants as provided in
 19 subsection (b).

20 (b) SUBGRANTS.—

21 (1) IN GENERAL.—The lead national organiza-
 22 tion shall make available subgrants to eligible orga-
 23 nizations to facilitate specialized technical assistance
 24 in reaching one or more underserved populations.

1 (2) ELIGIBLE ORGANIZATION.—For purposes of
2 this subsection, the term “eligible organization”
3 means any organization which—

4 (A) is described in section 501(c) of the
5 Internal Revenue Code of 1986 and exempt
6 from tax under section 501(a) of such Code,

7 (B) has, to the satisfaction of the lead na-
8 tional organization, demonstrated expertise and
9 evidenced-based practices in specialized out-
10 reach to, and service of, one or more under-
11 served populations, and

12 (C) has, to the satisfaction of the lead na-
13 tional organization, demonstrated expertise in
14 the provision of specialized technical assistance
15 relating to qualified return preparation pro-
16 grams for one or more targeted underserved
17 populations.

18 (3) APPLICATION.—In order to be eligible for a
19 subgrant under this subsection, an eligible organiza-
20 tion shall submit an application to the lead national
21 organization at such time, in such manner, and con-
22 taining such information as the lead national organi-
23 zation may reasonably require for each fiscal year.

(4) USE OF FUNDS.—An eligible organization which receives a subgrant under this subsection shall assist the Center by—

(A) providing technical assistance to qualified return preparation programs with targeted outreach and assistance to one or more underserved populations, and

(B) including strategies for the provision of technical assistance targeting individuals and families with annual household earnings at or below 250 percent of the poverty line within the underserved populations served by the subgrant.

(5) SUBGRANT AMOUNT.—

(A) IN GENERAL.—Each year, the lead national organization shall make available subgrants which, in the aggregate, do not exceed 40 percent of the grant received under subsection (a).

(B) UNDERSERVED POPULATIONS.—Of the amount of subgrants provided under subparagraph (A)—

(i) not less than 25 percent shall be dedicated to specialized technical assistance in serving taxpayers with disabilities,

1 (ii) not less than 25 percent shall be
 2 dedicated to specialized technical assist-
 3 ance in serving limited English speaking
 4 taxpayers, and

5 (iii) not less than 25 percent shall be
 6 dedicated to specialized technical assist-
 7 ance in serving Native American taxpayers.

8 (6) DURATION OF SUBGRANTS.—A subgrant
 9 awarded under this subsection shall be for a period
 10 of 1 year and shall not be renewed other than
 11 through an application under paragraph (3).

12 (c) AUTHORIZATION OF APPROPRIATIONS.—

13 (1) IN GENERAL.—For each of fiscal years
 14 2017, 2018, 2019, 2020, and 2021, there are au-
 15 thorized to be appropriated \$5,000,000 to carry out
 16 the purposes of this section.

17 (2) AVAILABILITY.—Amounts appropriated pur-
 18 suant to the authority of paragraph (1) shall remain
 19 available without fiscal year limitation until ex-
 20 pended.

21 **SEC. 6. NATIONAL SERVICE PROGRAMS TO PROVIDE TAX**
 22 **PREPARATION ASSISTANCE.**

23 (a) VISTA.—Section 103(a) of the Domestic Volun-
 24 teer Service Act of 1973 (42 U.S.C. 4953(a)) is amend-
 25 ed—

1 (1) in paragraph (12), by striking “and” at the
2 end;

3 (2) in paragraph (13), by striking the period
4 and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(14) in connection with tax preparation assist-
7 ance programs for low-income and older individuals
8 and families, particularly Volunteer Income Tax As-
9 sistance and Tax Counseling for the Elderly pro-
10 grams.”.

11 (b) NATIONAL SERVICE SENIOR CORPS.—Section
12 225(b) of the Domestic Volunteer Service Act of 1973 (42
13 U.S.C. 5025(b)) is amended by adding at the end the fol-
14 lowing:

15 “(17) Programs that promote financial literacy
16 and financial empowerment, such as through pro-
17 viding tax preparation assistance to low-income or
18 elderly individuals.”.

19 (c) AMERICORPS.—Section 122(a)(5)(B) of the Na-
20 tional and Community Service Act of 1990 (42 U.S.C.
21 12572(a)(5)(B)) is amended—

22 (1) in clause (x), by striking “and” at the end;

23 (2) by redesignating clause (xi) as clause (xii);

24 and

25 (3) by inserting after clause (x) the following:

1 “(xi) carrying out tax preparation as-
 2 sistance programs for low-income and older
 3 individuals and families, particularly Vol-
 4 unteer Income Tax Assistance and Tax
 5 Counseling for the Elderly programs; and”.

6 (d) NATIONAL CIVILIAN COMMUNITY CORPS.—Sec-
 7 tion 157(a)(1) of the National and Community Service Act
 8 of 1990 (42 U.S.C. 12617(a)(1)) is amended by striking
 9 “urban and rural development” and inserting “rural and
 10 urban development, including improving financial capabili-
 11 ties of urban residents through tax assistance programs”.

12 (e) SOCIAL INNOVATION FUNDS PILOT PROGRAM.—
 13 Section 198K(f)(3) of the National and Community Serv-
 14 ice Act of 1990 (42 U.S.C. 12653k(f)(3)) is amended—

15 (1) in subparagraph (G), by striking “or” at
 16 the end;

17 (2) in subparagraph (H), by adding “or” at the
 18 end; and

19 (3) by adding at the end the following:

20 “(I) financial literacy for low-income and
 21 older individuals and families, particularly
 22 through assisting low-income and older individ-
 23 uals and families with tax preparation;”.

24 (f) NOTIFICATION FROM THE INTERNAL REVENUE
 25 SERVICE.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury, acting through the Commissioner of Internal
3 Revenue, shall provide notification to any eligible or-
4 ganization (as defined in paragraph (3)), at such
5 time and in such manner as is determined appro-
6 priate by the Secretary, that such organization may
7 be eligible for additional assistance through pro-
8 grams which are administered by the Corporation
9 for National and Community Service, including—

10 (A) the National Service Trust program
11 under subtitle C of title I of the National and
12 Community Service Act of 1990 (42 U.S.C.
13 12571 et seq.);

14 (B) the National Civilian Community
15 Corps Program under subtitle E of title I of the
16 National and Community Service Act of 1990
17 (42 U.S.C. 12611 et seq.);

18 (C) the Volunteers in Service to America
19 program under part A of title I of the Domestic
20 Volunteer Service Act of 1973 (42 U.S.C. 4951
21 et seq.);

22 (D) the Social Innovation Funds grant
23 program under part III of subtitle H of title I
24 of the National and Community Service Act of
25 1990 (42 U.S.C. 12653k);

(E) the Volunteer Generation Fund program under section 198P of the National and Community Service Act of 1990 (42 U.S.C. 12653p); and

(F) the National Senior Service Corps programs, including the Retired and Senior Volunteer Program, under title II of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 5000 et seq.).

(2) NOTIFICATION.—The notification described in paragraph (1) shall provide resources for eligible organizations to apply to programs described in such paragraph and direct such organizations to materials available on the public website of the Corporation for National and Community Service. The Chief Executive Officer of the Corporation for National and Community Service (or the Chief Executive Officer’s designee) shall prepare those resources and materials.

(3) ELIGIBLE ORGANIZATION.—The term “eligible organization” means—

(A) a qualified entity which administers a qualified return preparation program that receives or has received a grant from the Commissioner of Internal Revenue; or

1 (B) an organization which enters into or
2 has entered into an agreement with the Sec-
3 retary of the Treasury under section 163 of the
4 Revenue Act of 1978 (26 U.S.C. 7804 note) to
5 provide tax counseling assistance for elderly in-
6 dividuals in the preparation of their Federal in-
7 come tax returns.

8 (g) MATCHING FUNDS REQUIREMENTS.—Section
9 121(e)(2) of the National and Community Service Act of
10 1990 (42 U.S.C. 12571(e)(2)) is amended by striking
11 “laws)” and inserting “laws, but including funds made
12 available under the Community Volunteer Income Tax As-
13 sistance Matching Grant Program established under sec-
14 tion 4 of the Volunteer Income Tax Assistance (VITA)
15 Act.”.

○