

114TH CONGRESS
1ST SESSION

S. 996

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

APRIL 16, 2015

Mr. BROWN (for himself, Mr. MENENDEZ, Ms. STABENOW, and Mr. HEINRICH) 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-

1 lated financial services, free of charge, to middle-
2 and low-income individuals and families. The major-
3 ity of individuals served by VITA programs have an-
4 nual household earnings below \$53,000.

5 (2) During the 2014 Federal income tax filing
6 season, VITA programs filed 1,700,000 Federal in-
7 come tax returns and prepared more than 551,000
8 returns for the earned income tax credit (EITC),
9 helping program recipients claim \$2,475,000,000 in
10 Federal tax refunds. One in five taxpayers who were
11 eligible to claim the EITC failed to do so.

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

17 (4) Volunteer tax preparation programs save
18 the Internal Revenue Service an estimated
19 \$6,200,000 a year in return processing costs. In
20 2014, clients of VITA programs electronically filed
21 their tax returns at a much higher rate (95.8 per-
22 cent) than the general population (85.6 percent).

23 (5) Not only do electronic returns cost the In-
24 ternal Revenue Service considerably less to process
25 (\$0.17 per return) than paper returns (\$3.66 per re-

1 turn), but electronic returns also generate a low
2 error rate of 2.5 percent compared with a 25 percent
3 error rate for paper returns. Low error rates reduce
4 the need for the Internal Revenue Service to cor-
5 respond with taxpayers and for taxpayers to resub-
6 mit paperwork.

7 (6) The use of technology in meeting the needs
8 of taxpayers with physical, sensory, or cognitive dis-
9 abilities is essential to the success of the VITA pro-
10 gram, as demonstrated through the expanded use of
11 innovative assistive technology and strategies in-
12 tended to expand free tax preparation for deaf and
13 hearing impaired taxpayers. These innovative uses of
14 assistive technologies should continue to be rep-
15 licated and tested to expand capacity of VITA pro-
16 grams in successfully meeting the needs of taxpayers
17 with various disabilities.

18 (7) An Internal Revenue Service survey has
19 shown that very low-income taxpayers are twice as
20 likely as the general population to visit a Taxpayer
21 Assistance Center and half as likely to use the Inter-
22 nal Revenue Service Web site. Volunteer tax prepa-
23 ration programs serve as an accessible and cost-ef-
24 fective alternative to other Internal Revenue Service
25 channels.

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

6 (9) The number of tax returns prepared by the
 7 VITA program increased 220 percent between the
 8 2004 (500,000) and 2012 (1,600,000 returns) tax
 9 filing seasons.

10 (10) The demand on this integral community
 11 service continues to rise as the Nation recovers from
 12 the significant economic downturn of recent years
 13 and VITA programs are experiencing strained re-
 14 sources and limited capacity.

15 (11) Through mid-April of fiscal year 2015,
 16 288 organizations applied to the Internal Revenue
 17 Service seeking more than \$25,100,000 in grant
 18 funding—more than double the available resources—
 19 through the VITA program, and 209 received grants
 20 at a median grant of approximately \$42,000.

21 **SEC. 3. DEFINITIONS.**

22 As used in this Act:

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

1 (A) which provides assistance to individ-
 2 uals, not less than 90 percent of whom are low-
 3 income taxpayers, in preparing and filing Fed-
 4 eral income tax returns, including schedules re-
 5 porting sole proprietorship or farm income,

6 (B) which is administered by a qualified
 7 entity,

8 (C) in which all of the volunteers who as-
 9 sist in the preparation of Federal income tax
 10 returns meet the training requirements pre-
 11 scribed by the Secretary, and

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

14 (2) QUALIFIED ENTITY.—

15 (A) IN GENERAL.—The term “qualified en-
 16 tity” means any entity which—

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

18 (ii) is in compliance with Federal tax
 19 filing and payment requirements,

20 (iii) is not debarred or suspended
 21 from Federal contracts, grants, or coopera-
 22 tive agreements, and

23 (iv) agrees to provide documentation
 24 to substantiate any matching funds pro-
 25 vided under the VITA grant program.

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

3 (i) an institution of higher education
4 which is described in section 102 (other
5 than subsection (a)(1)(C) thereof) of the
6 Higher Education Act of 1965 (20 U.S.C.
7 1088), as in effect on the date of the en-
8 actment of this section, and which has not
9 been disqualified from participating in a
10 program under title IV of such Act,

11 (ii) an organization described in sec-
12 tion 501(c) of the Internal Revenue Code
13 of 1986 and exempt from tax under sec-
14 tion 501(a) of such Code,

15 (iii) a State or local government agen-
16 cy, including—

17 (I) a county or municipal govern-
18 ment agency,

19 (II) an Indian tribe, as defined in
20 section 4(12) of the Native American
21 Housing Assistance and Self-Deter-
22 mination Act of 1996 (25 U.S.C.
23 4103(12)), including any tribally des-
24 ignated housing entity (as defined in
25 section 4(21) of such Act (25 U.S.C.

1 4103(21))), tribal subsidiary, subdivi-
 2 sion, or other wholly owned tribal en-
 3 tity, and

4 (III) a State government agency,
 5 but only if no other eligible organiza-
 6 tion is available to assist the targeted
 7 population or community,

8 (iv) a local, State, regional, or na-
 9 tional coalition (with one lead organization
 10 which meets the eligibility requirements of
 11 clause (i), (ii), or (iii) acting as the appli-
 12 cant organization), or

13 (v) a Cooperative Extension Service
 14 office, but only if no other eligible organi-
 15 zation is available to assist the targeted
 16 population or community.

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

23 (4) UNDERSERVED POPULATION.—The term
 24 “underserved population” includes populations of
 25 persons with disabilities, persons with limited

1 English proficiency, Native Americans, individuals
2 living in rural areas, and the elderly.

3 (5) LEAD NATIONAL ORGANIZATION.—The term
4 “lead national organization” means an organization
5 described in section 501(c) of the Internal Revenue
6 Code of 1986 and exempt from tax under section
7 501(a) of such Code which has demonstrated, to the
8 satisfaction of the Secretary—

9 (A) capacity in a minimum of 15 States,
10 territories, or tribal areas,

11 (B) expertise in the provision of tax prepa-
12 ration services to low-income taxpayers and un-
13 derserved populations,

14 (C) an ability to train program leadership
15 and staff,

16 (D) capacity to disseminate information
17 throughout the United States, and

18 (E) capacity to—

19 (i) maintain a Web site through which
20 information is disseminated in an easily ac-
21 cessible manner, and

22 (ii) provide technical assistance and
23 training through Web-based technologies.

1 (6) SECRETARY.—The term “Secretary” means
2 the Secretary of the Treasury or the Secretary’s del-
3 egate.

4 **SEC. 4. GRANTS TO FACILITATE NATIONWIDE AVAIL-**
5 **ABILITY OF VOLUNTEER INCOME TAX ASSIST-**
6 **ANCE FOR LOW-INCOME AND UNDERSERVED**
7 **POPULATIONS.**

8 (a) IN GENERAL.—The Secretary, through the Inter-
9 nal Revenue Service, shall establish a Community Volun-
10 teer Income Tax Assistance Matching Grant Program
11 (hereinafter in this section referred to as the “VITA grant
12 program”). Except as otherwise provided in this section,
13 the VITA grant program shall be administered in the
14 same manner as the Community Volunteer Income Tax
15 Assistance matching grants demonstration program estab-
16 lished under title I of division D of the Consolidated Ap-
17 propriations Act, 2008.

18 (b) MATCHING GRANTS.—

19 (1) IN GENERAL.—The Secretary shall make
20 available grants under the VITA grant program to
21 provide matching funds for the development, expan-
22 sion, or continuation of qualified return preparation
23 programs assisting low-income taxpayers and mem-
24 bers of underserved populations.

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

7 (3) PRIORITY.—In awarding grants under this
8 section, the Secretary shall give priority to applica-
9 tions—

10 (A) demonstrating assistance to low-in-
11 come taxpayers, with emphasis on outreach to
12 and services for persons with an income at or
13 below 250 percent of the Federal poverty level,
14 as determined in accordance with criteria estab-
15 lished by the Director of the Office of Manage-
16 ment and Budget,

17 (B) demonstrating taxpayer outreach and
18 education around available income supports and
19 refundable credits such as the earned income
20 tax credit under section 32 of the Internal Rev-
21 enue Code of 1986, and

22 (C) demonstrating specific outreach and
23 focus on one or more underserved populations.

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

4 (A) ordinary and necessary costs associ-
5 ated with program operation in accordance with
6 Cost Principles Circulars as set forth by the Of-
7 fice of Management and Budget,

8 (B) outreach and educational activities re-
9 lating to eligibility and availability of income
10 supports available through the Internal Revenue
11 Code of 1986, such as the earned income tax
12 credit, and

13 (C) services related to financial education
14 and capability, asset development, and the es-
15 tablishment of savings accounts in connection
16 with tax return preparation.

17 (5) DURATION OF GRANTS.—

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

23 (B) EXTENDED GRANTS.—The Secretary
24 may award a grant under this section for a pe-

1 riod of not more than 3 years to any qualified
2 return preparation program which—

3 (i) received a grant under this section
4 for the preceding year, and

5 (ii) received a score of 90 percent or
6 better on a technical evaluation.

7 (c) PROMOTION AND REFERRAL.—

8 (1) PROMOTION.—The Secretary shall promote
9 the benefits of, and encourage the use of, tax prepa-
10 ration through the Volunteer Income Tax Assistance
11 program through the use of mass communications,
12 referrals, and other means.

13 (2) INTERNAL REVENUE SERVICE REFER-
14 RALS.—The Secretary may refer taxpayers to quali-
15 fied return preparation programs receiving funding
16 under this section.

17 (3) VITA GRANTEE REFERRAL.—Qualified re-
18 turn preparation programs receiving a grant under
19 this section are encouraged to refer, as appropriate,
20 to local or regional Low Income Tax Clinics individ-
21 uals who are eligible to receive services at such clin-
22 ics.

23 (d) AUTHORIZATION OF APPROPRIATIONS.—

24 (1) IN GENERAL.—For each of fiscal years
25 2016, 2017, 2018, 2019, and 2020, there are au-

1 thorized to be appropriated \$30,000,000 to carry
2 out the purposes of this section.

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

7 (3) AVAILABILITY.—Amounts appropriated pur-
8 suant to the authority of paragraph (1) shall remain
9 available without fiscal year limitation until ex-
10 pended.

11 **SEC. 5. NATIONAL CENTER TO PROMOTE QUALITY, EXCEL-**
12 **LENCE, AND EVALUATION IN VOLUNTEER IN-**
13 **COME TAX ASSISTANCE.**

14 (a) NATIONAL CENTER TO PROMOTE QUALITY, EX-
15 CELLENCE, AND EVALUATION IN VOLUNTEER INCOME
16 TAX ASSISTANCE.—

17 (1) ESTABLISHMENT.—There is hereby estab-
18 lished the National Center to Promote Quality, Ex-
19 cellence, and Evaluation in Volunteer Income Tax
20 Assistance (hereinafter in this section referred to as
21 the “Center”).

22 (2) PURPOSE.—The Center shall—

23 (A) promote the adoption of a universally
24 accessible volunteer training platform for the
25 preparation of Federal income tax returns,

1 (B) provide capacity-building technical as-
2 sistance to qualified return preparation pro-
3 gram managers,

4 (C) identify and disseminate best practices
5 related to tax site management emerging from
6 States, community-based organizations, non-
7 profit providers, and local government entities,

8 (D) support outreach and marketing ef-
9 forts to encourage the use of qualified return
10 preparation programs receiving funding under
11 section 4, and

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

14 (i) identification, both in aggregate
15 and disaggregate, of gaps in services for
16 low-income taxpayers and underserved pop-
17 ulations, and

18 (ii) independent evaluation of progress
19 toward program objectives, as defined by
20 the Secretary.

21 (3) ADMINISTRATION.—

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

23 (i) designate, through a competitive
24 process, one qualified entity to be the lead
25 national organization, and

1 (ii) provide an annual grant to the
 2 lead national organization designated
 3 under clause (i).

4 (B) DUTIES OF LEAD NATIONAL ORGANI-
 5 ZATION.—The lead national organization shall
 6 use funds provided through the grant in sub-
 7 paragraph (A)(ii) to—

8 (i) carry out the purposes of the Cen-
 9 ter, and

10 (ii) make subgrants as provided in
 11 subsection (b).

12 (b) SUBGRANTS.—

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

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

20 (A) is described in section 501(c) of the
 21 Internal Revenue Code of 1986 and exempt
 22 from tax under section 501(a) of such Code,

23 (B) has, to the satisfaction of the lead na-
 24 tional organization, demonstrated expertise and
 25 evidenced-based practices in specialized out-

1 reach to, and service of, one or more under-
2 served populations, and

3 (C) has, to the satisfaction of the lead na-
4 tional organization, demonstrated expertise in
5 the provision of specialized technical assistance
6 relating to qualified return preparation pro-
7 grams for one or more targeted underserved
8 populations.

9 (3) APPLICATION.—In order to be eligible for a
10 subgrant under this subsection, an eligible organiza-
11 tion shall submit an application to the lead national
12 organization at such time, in such manner, and con-
13 taining such information as the lead national organi-
14 zation may reasonably require for each fiscal year.

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

18 (A) providing technical assistance to quali-
19 fied return preparation programs with targeted
20 outreach and assistance to one or more under-
21 served populations, and

22 (B) including strategies for the provision
23 of technical assistance targeting individuals and
24 families with annual household earnings at or

1 below 250 percent of the poverty line within the
 2 underserved populations served by the subgrant.

3 (5) SUBGRANT AMOUNT.—

4 (A) IN GENERAL.—Each year, the lead na-
 5 tional organization shall make available sub-
 6 grants which, in the aggregate, do not exceed
 7 40 percent of the grant received under sub-
 8 section (a).

9 (B) UNDERSERVED POPULATIONS.—Of the
 10 amount of subgrants provided under subpara-
 11 graph (A)—

12 (i) not less than 25 percent shall be
 13 dedicated to specialized technical assist-
 14 ance in serving taxpayers with disabilities,

15 (ii) not less than 25 percent shall be
 16 dedicated to specialized technical assist-
 17 ance in serving limited English speaking
 18 taxpayers, and

19 (iii) not less than 25 percent shall be
 20 dedicated to specialized technical assist-
 21 ance in serving Native American taxpayers.

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

1 (c) AUTHORIZATION OF APPROPRIATIONS.—

2 (1) IN GENERAL.—For each of fiscal years
3 2016, 2017, 2018, 2019, and 2020, there are au-
4 thorized to be appropriated \$5,000,000 to carry out
5 the purposes of this section.

6 (2) AVAILABILITY.—Amounts appropriated pur-
7 suant to the authority of paragraph (1) shall remain
8 available without fiscal year limitation until ex-
9 pended.

○