

115TH CONGRESS  
1ST SESSION

# S. 797

To amend the Internal Revenue Code of 1986 to make permanent the Volunteer Income Tax Assistance matching grant program.

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IN THE SENATE OF THE UNITED STATES

MARCH 30, 2017

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

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## A BILL

To amend the Internal Revenue Code of 1986 to make permanent the Volunteer Income Tax Assistance matching grant program.

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 Permanence Act of 2017”.

6 **SEC. 2. RETURN PREPARATION PROGRAMS FOR LOW-IN-**  
7 **COME TAXPAYERS.**

8 (a) IN GENERAL.—Chapter 77 is amended by insert-  
9 ing after section 7526 the following new section:

1 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR LOW-**  
2 **INCOME TAXPAYERS.**

3 “(a) VOLUNTEER INCOME TAX ASSISTANCE MATCH-  
4 ING GRANT PROGRAM.—

5 “(1) ESTABLISHMENT OF PROGRAM.—The Sec-  
6 retary, through the Internal Revenue Service, shall  
7 establish a Community Volunteer Income Tax As-  
8 sistance Matching Grant Program (hereinafter in  
9 this section referred to as the ‘VITA grant pro-  
10 gram’). Except as otherwise provided in this section,  
11 the VITA grant program shall be administered in a  
12 manner which is substantially similar to the Commu-  
13 nity Volunteer Income Tax Assistance matching  
14 grants demonstration program established under  
15 title I of division D of the Consolidated Appropria-  
16 tions Act, 2008.

17 “(2) MATCHING GRANTS.—

18 “(A) IN GENERAL.—The Secretary may,  
19 subject to the availability of appropriated funds,  
20 make available grants under the VITA grant  
21 program to provide matching funds for the de-  
22 velopment, expansion, or continuation of quali-  
23 fied return preparation programs assisting low-  
24 income taxpayers and members of underserved  
25 populations.

26 “(B) APPLICATION.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), in order to be eligible for a grant  
3           under this section, a qualified return prep-  
4           aration program shall submit an applica-  
5           tion to the Secretary at such time, in such  
6           manner, and containing such information  
7           as the Secretary may reasonably require.

8           “(ii) ACCURACY REVIEW.—In the case  
9           of any qualified return preparation pro-  
10          gram which was awarded a grant under  
11          this section and was subsequently subject  
12          to a field site visit by the Internal Revenue  
13          Service (including through the Stakeholder  
14          Partnerships, Education, and Communica-  
15          tion office) in which it was determined that  
16          the average accuracy rate for preparation  
17          of tax returns through such program was  
18          less than 90 percent, such program shall  
19          not be eligible for any additional grants  
20          under this section unless such program  
21          provides, as part of their application, suffi-  
22          cient documentation regarding the correc-  
23          tive measures established by such program  
24          to address the deficiencies identified fol-  
25          lowing the field site visit.

1           “(C) PRIORITY.—In awarding grants  
2 under this section, the Secretary shall give pri-  
3 ority to applications—

4           “(i) demonstrating assistance to low-  
5 income taxpayers, with emphasis on out-  
6 reach to and services for such taxpayers,

7           “(ii) demonstrating taxpayer outreach  
8 and educational activities relating to eligi-  
9 bility and availability of income supports  
10 available through the Internal Revenue  
11 Code of 1986, such as the earned income  
12 tax credit, and

13           “(iii) demonstrating specific outreach  
14 and focus on one or more underserved pop-  
15 ulations.

16           “(D) DURATION OF GRANTS.—Upon appli-  
17 cation of a qualified return preparation pro-  
18 gram, the Secretary is authorized to award a  
19 multi-year grant not to exceed 3 years.

20           “(3) AGGREGATE LIMITATION.—Unless other-  
21 wise provided by specific appropriation, the Sec-  
22 retary shall not allocate more than \$30,000,000 per  
23 fiscal year (exclusive of costs of administering the  
24 program) to carry out the purposes of this section.

25           “(b) USE OF FUNDS.—

1           “(1) IN GENERAL.—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, including—

8                           “(i) for wages or salaries of persons  
9                           coordinating the activities of the program,

10                           “(ii) to develop training materials,  
11                           conduct training, and perform quality re-  
12                           views of the returns for which assistance  
13                           has been provided under the program, and

14                           “(iii) for equipment purchases and ve-  
15                           hicle-related expenses associated with re-  
16                           mote or rural tax preparation services,

17                   “(B) outreach and educational activities  
18                   described in subsection (a)(2)(C)(ii), and

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

23           “(2) USE OF GRANTS FOR OVERHEAD EX-  
24           PENSES PROHIBITED.—No grant made under this  
25           section may be used for overhead expenses that are

1 not directly related to any qualified return prepara-  
2 tion program.

3 “(c) PROMOTION AND REFERRAL.—

4 “(1) PROMOTION.—The Secretary shall pro-  
5 mote the benefits of, and encourage the use of, tax  
6 preparation through qualified return preparation  
7 programs through the use of mass communications,  
8 referrals, and other means.

9 “(2) INTERNAL REVENUE SERVICE REFER-  
10 RALS.—The Secretary may refer taxpayers to quali-  
11 fied return preparation programs receiving funding  
12 under this section.

13 “(3) VITA GRANTEE REFERRAL.—Qualified re-  
14 turn preparation programs receiving a grant under  
15 this section are encouraged to refer, as appropriate,  
16 to local or regional Low Income Taxpayer Clinics in-  
17 dividuals who are eligible to receive services at such  
18 clinics.

19 “(d) DEFINITIONS.—For purposes of this section—

20 “(1) QUALIFIED RETURN PREPARATION PRO-  
21 GRAM.—The term ‘qualified return preparation pro-  
22 gram’ means any program—

23 “(A) which provides assistance to individ-  
24 uals, not less than 90 percent of whom are low-

1 income taxpayers, in preparing and filing Fed-  
2 eral income tax returns,

3 “(B) which is administered by a qualified  
4 entity,

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

9 “(D) which uses a quality review process  
10 which reviews 100 percent of all returns.

11 “(2) QUALIFIED ENTITY.—

12 “(A) IN GENERAL.—The term ‘qualified  
13 entity’ means any entity which—

14 “(i) is an eligible organization (as de-  
15 scribed in subparagraph (B)),

16 “(ii) is in compliance with Federal tax  
17 filing and payment requirements,

18 “(iii) is not debarred or suspended  
19 from Federal contracts, grants, or coopera-  
20 tive agreements, and

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

24 “(B) ELIGIBLE ORGANIZATION.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), the term ‘eligible organization’  
3           means—

4                   “(I) an institution of higher edu-  
5                   cation which is described in section  
6                   102 (other than subsection (a)(1)(C)  
7                   thereof) of the Higher Education Act  
8                   of 1965 (20 U.S.C. 1088), as in effect  
9                   on the date of the enactment of this  
10                  section, and which has not been dis-  
11                  qualified from participating in a pro-  
12                  gram under title IV of such Act,

13                  “(II) an organization described  
14                  in section 501(c) of the Internal Rev-  
15                  enue Code of 1986 and exempt from  
16                  tax under section 501(a) of such  
17                  Code,

18                  “(III) a local government agency,  
19                  including—

20                          “(aa) a county or municipal  
21                          government agency, and

22                          “(bb) an Indian tribe, as de-  
23                          fined in section 4(13) of the Na-  
24                          tive American Housing Assist-  
25                          ance and Self-Determination Act

1 of 1996 (25 U.S.C. 4103(13)),  
2 including any tribally designated  
3 housing entity (as defined in sec-  
4 tion 4(22) of such Act (25  
5 U.S.C. 4103(22))), tribal sub-  
6 sidiary, subdivision, or other  
7 wholly owned tribal entity, or

8 “(IV) a local, State, regional, or  
9 national coalition (with one lead orga-  
10 nization which meets the eligibility re-  
11 quirements of subclause (I), (II), or  
12 (III) acting as the applicant organiza-  
13 tion).

14 “(ii) ALTERNATIVE ELIGIBLE ORGANI-  
15 ZATION.—If no eligible organization de-  
16 scribed in clause (i) is available to assist  
17 the targeted population or community, the  
18 term ‘eligible organization’ shall include—

19 “(I) a State government agency,  
20 and

21 “(II) a Cooperative Extension  
22 Service office.

23 “(3) LOW-INCOME TAXPAYERS.—The term ‘low-  
24 income taxpayer’ means a taxpayer who has income  
25 for the taxable year which does not exceed an

1 amount equal to the completed phaseout amount  
2 under section 32(b) for a married couple filing a  
3 joint return with three or more qualifying children,  
4 as determined in a revenue procedure or other pub-  
5 lished guidance.

6 “(4) **UNDERSERVED POPULATION.**—The term  
7 ‘underserved population’ includes populations of per-  
8 sons with disabilities, persons with limited English  
9 proficiency, Native Americans, individuals living in  
10 rural areas, members of the Armed Forces and their  
11 spouses, and the elderly.”.

12 (b) **CLERICAL AMENDMENT.**—The table of sections  
13 for chapter 77 is amended by inserting after the item re-  
14 lating to section 7526 the following new item:

“7526A. Return preparation programs for low-income taxpayers.”.

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