

115TH CONGRESS
1ST SESSION

H. R. 605

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

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2017

Mr. DANNY K. DAVIS of Illinois introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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:

1 (1) Community Volunteer Income Tax Assist-
2 ance (VITA) programs offer tax preparation and re-
3 lated financial services, free of charge, to middle-
4 and low-income individuals and families. The major-
5 ity of individuals served by VITA programs have an-
6 nual household earnings below \$54,000.

7 (2) During the 2016 Federal income tax filing
8 season, VITA programs filed more than 3.8 million
9 Federal income tax returns. This included more than
10 714,000 returns for the earned income tax credit
11 (EITC), helping program recipients claim \$1.1 bil-
12 lion in EITC on their Federal tax refunds. One in
13 five taxpayers who were eligible to claim the EITC
14 failed to do so.

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

20 (4) In 2016, clients of VITA programs elec-
21 tronically filed their tax returns at a much higher
22 rate (96.5 percent) than the general population
23 (86.4 percent).

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

4 (6) The high rate of electronic filing by VITA
5 sites saves the Internal Revenue Service millions of
6 dollars per year.

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

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

20 (9) The number of tax returns prepared by the
21 VITA program increased 100 percent between the
22 2014 (1.9 million) and 2016 (3.8 million) tax filing
23 seasons.

24 (10) During tax filing season 2016, 298 organi-
25 zations applied to the Internal Revenue Service seek-

1 ing more than \$24.3 million in grant funding
2 through the VITA program—more than double the
3 available resources—and 210 organizations received
4 grants at a median grant of approximately \$40,000.

5 **SEC. 3. DEFINITIONS.**

6 As used in this Act:

7 (1) **QUALIFIED RETURN PREPARATION PRO-**
8 **GRAM.**—The term “qualified return preparation pro-

9 gram” means any program—

10 (A) which provides assistance to individ-

11 uals, not less than 90 percent of whom are low-

12 income taxpayers, in preparing and filing Fed-

13 eral income tax returns, including schedules re-

14 porting sole proprietorship or farm income,

15 (B) which is administered by a qualified

16 entity,

17 (C) in which all of the volunteers who as-

18 sist in the preparation of Federal income tax

19 returns meet the training requirements pre-

20 scribed by the Secretary, and

21 (D) which uses a quality review process

22 which reviews 100 percent of all returns.

23 (2) **QUALIFIED ENTITY.**—

24 (A) **IN GENERAL.**—The term “qualified en-

25 tity” means any entity which—

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

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

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

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

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

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

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

1 (iii) a State or local government agen-
2 cy, including—

3 (I) a county or municipal govern-
4 ment agency,

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

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

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

1 (v) a Cooperative Extension Service
2 office, but only if no other entity described
3 in this subparagraph is available to assist
4 the targeted population or community.

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

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

16 (5) LEAD NATIONAL ORGANIZATION.—The term
17 “lead national organization” means an organization
18 described in section 501(c) of the Internal Revenue
19 Code of 1986 and exempt from tax under section
20 501(a) of such Code which has demonstrated, to the
21 satisfaction of the Secretary—

22 (A) capacity in a minimum of 15 States,
23 territories, or tribal areas,

1 (B) expertise in the provision of tax prepa-
2 ration services to low-income taxpayers and un-
3 derserved populations,

4 (C) an ability to train program leadership
5 and staff,

6 (D) capacity to disseminate information
7 throughout the United States, and

8 (E) capacity to—

9 (i) maintain a Web site through which
10 information is disseminated in an easily ac-
11 cessible manner, and

12 (ii) provide technical assistance and
13 training through Web-based technologies.

14 (6) SECRETARY.—The term “Secretary” means
15 the Secretary of the Treasury or the Secretary’s del-
16 egate.

17 **SEC. 4. GRANTS TO FACILITATE NATIONWIDE AVAIL-**
18 **ABILITY OF VOLUNTEER INCOME TAX ASSIST-**
19 **ANCE FOR LOW-INCOME AND UNDERSERVED**
20 **POPULATIONS.**

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

1 the VITA grant program shall be administered in the
2 same manner as the Community Volunteer Income Tax
3 Assistance matching grants demonstration program estab-
4 lished under title I of division D of the Consolidated Ap-
5 propriations Act, 2008.

6 (b) MATCHING GRANTS.—

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

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

19 (3) PRIORITY.—In awarding grants under this
20 section, the Secretary shall give priority to applica-
21 tions—

22 (A) demonstrating assistance to low-in-
23 come taxpayers, with emphasis on outreach to
24 and services for persons with an income at or
25 below 250 percent of the Federal poverty level,

1 as determined in accordance with criteria estab-
2 lished by the Director of the Office of Manage-
3 ment and Budget,

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

9 (C) demonstrating specific outreach and
10 focus on one or more underserved populations.

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

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

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

23 (C) services related to financial education
24 and capability, asset development, and the es-

1 establishment of savings accounts in connection
2 with tax return preparation.

3 (5) DURATION OF GRANTS.—

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

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

13 (i) received a grant under this section
14 for the preceding year, and

15 (ii) received a score of 90 percent or
16 better on a technical evaluation.

17 (c) PROMOTION AND REFERRAL.—

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

23 (2) INTERNAL REVENUE SERVICE REFER-
24 RALS.—The Secretary may refer taxpayers to quali-

1 fied return preparation programs receiving funding
2 under this section.

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

9 (d) AUTHORIZATION OF APPROPRIATIONS.—

10 (1) IN GENERAL.—For each of fiscal years
11 2017, 2018, 2019, 2020, and 2021, there are au-
12 thorized to be appropriated \$30,000,000 to carry
13 out the purposes of this section.

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

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

1 **SEC. 5. NATIONAL CENTER TO PROMOTE QUALITY, EXCEL-**
2 **LLENCE, AND EVALUATION IN VOLUNTEER IN-**
3 **COME TAX ASSISTANCE.**

4 (a) NATIONAL CENTER TO PROMOTE QUALITY, EX-
5 CELLENC, AND EVALUATION IN VOLUNTEER INCOME
6 TAX ASSISTANCE.—

7 (1) ESTABLISHMENT.—There is hereby estab-
8 lished the National Center to Promote Quality, Ex-
9 cellence, and Evaluation in Volunteer Income Tax
10 Assistance (hereinafter in this section referred to as
11 the “Center”).

12 (2) PURPOSE.—The Center shall—

13 (A) promote the adoption of a universally
14 accessible volunteer training platform for the
15 preparation of Federal income tax returns,

16 (B) provide capacity-building technical as-
17 sistance to qualified return preparation pro-
18 gram managers,

19 (C) identify and disseminate best practices
20 related to tax site management emerging from
21 States, community-based organizations, non-
22 profit providers, and local government entities,

23 (D) support outreach and marketing ef-
24 forts to encourage the use of qualified return
25 preparation programs receiving funding under
26 section 4, and

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

3 (i) identification, both in aggregate
4 and disaggregate, of gaps in services for
5 low-income taxpayers and underserved pop-
6 ulations, and

7 (ii) independent evaluation of progress
8 toward program objectives, as defined by
9 the Secretary.

10 (3) ADMINISTRATION.—

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

12 (i) designate, through a competitive
13 process, one qualified entity to be the lead
14 national organization, and

15 (ii) provide an annual grant to the
16 lead national organization designated
17 under clause (i).

18 (B) DUTIES OF LEAD NATIONAL ORGANI-
19 ZATION.—The lead national organization shall
20 use funds provided through the grant in sub-
21 paragraph (A)(ii) to—

22 (i) carry out the purposes of the Cen-
23 ter, and

24 (ii) make subgrants as provided in
25 subsection (b).

1 (b) SUBGRANTS.—

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

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

9 (A) is described in section 501(c) of the
10 Internal Revenue Code of 1986 and exempt
11 from tax under section 501(a) of such Code,

12 (B) has, to the satisfaction of the lead na-
13 tional organization, demonstrated expertise and
14 evidenced-based practices in specialized out-
15 reach to, and service of, one or more under-
16 served populations, and

17 (C) has, to the satisfaction of the lead na-
18 tional organization, demonstrated expertise in
19 the provision of specialized technical assistance
20 relating to qualified return preparation pro-
21 grams for one or more targeted underserved
22 populations.

23 (3) APPLICATION.—In order to be eligible for a
24 subgrant under this subsection, an eligible organiza-
25 tion shall submit an application to the lead national

1 organization at such time, in such manner, and con-
2 taining such information as the lead national organi-
3 zation may reasonably require for each fiscal year.

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

7 (A) providing technical assistance to quali-
8 fied return preparation programs with targeted
9 outreach and assistance to one or more under-
10 served populations, and

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

16 (5) SUBGRANT AMOUNT.—

17 (A) IN GENERAL.—Each year, the lead na-
18 tional organization shall make available sub-
19 grants which, in the aggregate, do not exceed
20 40 percent of the grant received under sub-
21 section (a).

22 (B) UNDERSERVED POPULATIONS.—Of the
23 amount of subgrants provided under subpara-
24 graph (A)—

1 (i) not less than 25 percent shall be
2 dedicated to specialized technical assist-
3 ance in serving taxpayers with disabilities,

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

8 (iii) not less than 25 percent shall be
9 dedicated to specialized technical assist-
10 ance in serving Native American taxpayers.

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

15 (c) AUTHORIZATION OF APPROPRIATIONS.—

16 (1) IN GENERAL.—For each of fiscal years
17 2017, 2018, 2019, 2020, and 2021, there are au-
18 thorized to be appropriated \$5,000,000 to carry out
19 the purposes of this section.

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

1 **SEC. 6. NATIONAL SERVICE PROGRAMS TO PROVIDE TAX**
2 **PREPARATION ASSISTANCE.**

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

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

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

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

11 “(14) in connection with tax preparation assist-
12 ance programs for low-income and older individuals
13 and families, particularly Volunteer Income Tax As-
14 sistance and Tax Counseling for the Elderly pro-
15 grams.”.

16 (b) NATIONAL SERVICE SENIOR CORPS.—Section
17 225(b) of the Domestic Volunteer Service Act of 1973 (42
18 U.S.C. 5025(b)) is amended by adding at the end the fol-
19 lowing:

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

24 (c) AMERICORPS.—Section 122(a)(5)(B) of the Na-
25 tional and Community Service Act of 1990 (42 U.S.C.
26 12572(a)(5)(B)) is amended—

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

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

3 and

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

5 “(xi) carrying out tax preparation as-
6 sistence programs for low-income and older
7 individuals and families, particularly Vol-
8 unteer Income Tax Assistance and Tax
9 Counseling for the Elderly programs; and”.

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

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

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

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

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

24 “(I) financial literacy for low-income and
25 older individuals and families, particularly

1 through assisting low-income and older individ-
2 uals and families with tax preparation;”.

3 (f) NOTIFICATION FROM THE INTERNAL REVENUE
4 SERVICE.—

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

14 (A) the National Service Trust program
15 under subtitle C of title I of the National and
16 Community Service Act of 1990 (42 U.S.C.
17 12571 et seq.);

18 (B) the National Civilian Community
19 Corps Program under subtitle E of title I of the
20 National and Community Service Act of 1990
21 (42 U.S.C. 12611 et seq.);

22 (C) the Volunteers in Service to America
23 program under part A of title I of the Domestic
24 Volunteer Service Act of 1973 (42 U.S.C. 4951
25 et seq.);

1 (D) the Social Innovation Funds grant
2 program under part III of subtitle H of title I
3 of the National and Community Service Act of
4 1990 (42 U.S.C. 12653k);

5 (E) the Volunteer Generation Fund pro-
6 gram under section 198P of the National and
7 Community Service Act of 1990 (42 U.S.C.
8 12653p); and

9 (F) the National Senior Service Corps pro-
10 grams, including the Retired and Senior Volun-
11 teen Program, under title II of the Domestic
12 Volunteer Service Act of 1973 (42 U.S.C. 5000
13 et seq.).

14 (2) NOTIFICATION.—The notification described
15 in paragraph (1) shall provide resources for eligible
16 organizations to apply to programs described in such
17 paragraph and direct such organizations to materials
18 available on the public website of the Corporation
19 for National and Community Service. The Chief Ex-
20 ecutive Officer of the Corporation for National and
21 Community Service (or the Chief Executive Officer’s
22 designee) shall prepare those resources and mate-
23 rials.

24 (3) ELIGIBLE ORGANIZATION.—The term “eligi-
25 ble organization” means—

1 (A) a qualified entity which administers a
2 qualified return preparation program that re-
3 ceives or has received a grant from the Com-
4 missioner of Internal Revenue; or

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

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

○