

117TH CONGRESS
2D SESSION

H. R. 9677

To increase the aggregate limitation on grants to low-income taxpayer clinics,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 22, 2022

Mr. DANNY K. DAVIS of Illinois (for himself and Mr. RASKIN) introduced the
following bill; which was referred to the Committee on Ways and Means

A BILL

To increase the aggregate limitation on grants to low-income
taxpayer clinics, 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 “Low-Income Tax Clinic
5 Modernization Act”.

6 **SEC. 2. LOW-INCOME TAXPAYER CLINICS.**

7 (a) **QUALIFIED LOW-INCOME TAXPAYER CLINIC.**—

8 Section 7526(b)(1) of the Internal Revenue Code of 1986
9 is amended—

10 (1) in subparagraph (A)(ii)—

1 (A) in subclause (I), by striking “or” at
2 the end,

3 (B) in subclause (II), by striking the pe-
4 riod at the end and inserting “; or”, and

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

6 “(III) operates a program to provide
7 technical advice and litigation support to
8 programs described in subclauses (I) and
9 (II).”, and

10 (2) in subparagraph (B)(i), by inserting “(or
11 such other percentage, not to exceed 400 percent, as
12 established by the Secretary with respect to such
13 clinic, provided that the Secretary has determined
14 that such percentage will increase the ability of the
15 clinic to represent additional taxpayers)” after “250
16 percent”.

17 (b) LIMITATIONS.—Section 7526(c) of the Internal
18 Revenue Code of 1986 is amended—

19 (1) in paragraph (1), by striking “\$6,000,000”
20 and inserting “\$20,000,000”,

21 (2) in paragraph (2), by striking “\$100,000”
22 and inserting “\$500,000”, and

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

24 “(7) LIMITATION ON USE OF GRANTS FOR
25 OVERHEAD AND ADMINISTRATION.—With respect to

1 any costs incurred by the institution sponsoring the
2 low-income taxpayer clinic for general overhead and
3 program administration, such costs shall not exceed
4 10 percent of the amount of any grant provided
5 under this section with respect to such clinic.

6 “(8) ADJUSTMENT FOR INFLATION.—

7 “(A) IN GENERAL.—In the case of any cal-
8 endar year beginning after 2023, the dollar
9 amounts in paragraphs (1) and (2) shall each
10 be increased by an amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment de-
13 termined under section 1(f)(3) for the cal-
14 endar year in which the taxable year be-
15 gins, determined by substituting ‘2022’ for
16 ‘2016’ in subparagraph (A)(ii) thereof.

17 “(B) ROUNDING.—

18 “(i) AGGREGATE LIMITATION.—With
19 respect to the dollar amount in paragraph
20 (1), if such amount, as increased under
21 subparagraph (A), is not a multiple of
22 \$500,000, such amount shall be rounded
23 to the nearest multiple of \$500,000.

24 “(ii) LIMITATION ON ANNUAL GRANTS
25 TO A CLINIC.—With respect to the dollar

1 amount in paragraph (2), if such amount,
2 as increased under subparagraph (A), is
3 not a multiple of \$5,000, such amount
4 shall be rounded to the nearest multiple of
5 \$5,000.”.

6 (c) MATCHING FUNDS.—Paragraph (5) of section
7 7526(c) of the Internal Revenue Code of 1986 is amended
8 to read as follows:

9 “(5) REQUIREMENT OF MATCHING FUNDS.—

10 “(A) IN GENERAL.—Except as provided
11 under subparagraph (B), with respect to any
12 grant provided to a low-income taxpayer clinic
13 under this section, such clinic shall provide
14 matching funds equal to the applicable percent-
15 age of the amount of such grant.

16 “(B) EXCEPTION.—The requirement under
17 subparagraph (A) shall not apply to any low-in-
18 come taxpayer clinic during its first 2 years of
19 operation.

20 “(C) MATCHING FUNDS.—

21 “(i) IN GENERAL.—For purposes of
22 this paragraph, the term ‘matching funds’
23 may include—

24 “(I) the salary (including fringe
25 benefits) of individuals performing

1 services for the low-income taxpayer
2 clinic, and

3 “(II) the cost of equipment used
4 in the low-income taxpayer clinic.

5 “(ii) EXCLUSION.—For purposes of
6 this paragraph, the term ‘matching funds’
7 shall not include any indirect expenses,
8 such as general overhead of the institution
9 sponsoring the low-income taxpayer clinic.

10 “(D) APPLICABLE PERCENTAGE.—For
11 purposes of subparagraph (A), the applicable
12 percentage shall be 100 percent, except that the
13 Secretary may establish a lower percentage (not
14 below 50 percent) if the Secretary determines
15 that such percentage would expand the coverage
16 of the low-income taxpayer clinic to additional
17 taxpayers.”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to calendar years beginning after
20 the date of enactment of this Act.

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