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

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2017

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

A BILL

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

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Volunteer Income Tax Assistance Permanence Act of 2017”. 
SEC. 2. RETURN PREPARATION PROGRAMS FOR LOW-INCOME TAXPAYERS.

(a) In General.—Chapter 77 of the Internal Revenue Code of 1986 is amended by inserting after section 7526 the following new section:

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

“(a) Establishment of Volunteer Income Tax Assistance Matching Grant Program.—The Secretary, through the Internal Revenue Service, shall establish a Community Volunteer Income Tax Assistance Matching Grant Program under which the Secretary may, subject to the availability of appropriated funds, make grants to provide matching funds for the development, expansion, or continuation of qualified return preparation programs assisting low-income taxpayers and members of underserved populations.

“(b) Use of Funds.—

“(1) In General.—Qualified return preparation programs may use grants received under this section for—

“(A) ordinary and necessary costs associated with program operation in accordance with cost principles under the applicable Office of Management and Budget circular, including—
“(i) wages or salaries of persons coordinating the activities of the program,

“(ii) developing training materials, conducting training, and performing quality reviews of the returns prepared under the program,

“(iii) equipment purchases, and

“(iv) vehicle-related expenses associated with remote or rural tax preparation services,

“(B) outreach and educational activities described in subsection (c)(2)(B), and

“(C) services related to financial education and capability, asset development, and the establishment of savings accounts in connection with tax return preparation.

“(2) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.—No grant received under this section may be used for overhead expenses that are not directly related to a qualified return preparation program.

“(c) APPLICATION.—

“(1) IN GENERAL.—Each applicant for a grant under this section shall submit an application to the Secretary at such time, in such manner, and con-
taining such information as the Secretary may rea-
sonably require.

“(2) PRIORITY.—In awarding grants under this section, the Secretary shall give priority to applica-
tions which demonstrate—

“(A) assistance to low-income taxpayers, with emphasis on outreach to, and services for, such taxpayers,

“(B) taxpayer outreach and educational activities relating to eligibility and availability of income supports available through the Internal Revenue Code of 1986, including the earned income tax credit, and

“(C) specific outreach and focus on one or more underserved populations.

“(3) AMOUNTS TAKEN INTO ACCOUNT.—In de-
termining matching grants under this section, the Secretary shall only take into account amounts pro-
vided by the qualified return preparation program for expenses described in subsection (b).

“(d) ACCURACY REVIEWS.—

“(1) IN GENERAL.—The Secretary shall estab-
lish procedures for, and shall conduct, periodic site visits of qualified return preparation programs oper-
ating under a grant under this section—
“(A) to ensure such programs are carrying out the purposes of this section, and

“(B) to determine the return preparation accuracy rate of the program.

“(2) ADDITIONAL REQUIREMENTS FOR GRANT RECIPIENTS NOT MEETING MINIMUM STANDARDS.—

In the case of any qualified return preparation program which—

“(A) is awarded a grant under this section, and

“(B) is subsequently determined—

“(i) to have a less than 90 percent average accuracy rate for preparation of tax returns, or

“(ii) not to be otherwise carrying out the purposes of this section, such program shall not be eligible for any additional grants under this section unless such program provides sufficient documentation of corrective measures established to address any such deficiencies determined.

“(e) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED RETURN PREPARATION PROGRAM.—The term ‘qualified return preparation program’ means any program—
“(A) which provides assistance to individuals, not less than 90 percent of whom are low-income taxpayers, in preparing and filing Federal income tax returns,

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

“(C) in which all volunteers who assist in the preparation of Federal income tax returns meet the training requirements prescribed by the Secretary, and

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

“(2) QUALIFIED ENTITY.—

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

“(i) is an eligible organization,

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

“(iii) is not debarred or suspended from Federal contracts, grants, or cooperative agreements, and

“(iv) agrees to provide documentation to substantiate any matching funds provided pursuant to the grant program under this section.
“(B) ELIGIBLE ORGANIZATION.—The term ‘eligible organization’ means—

“(i) an institution of higher education which is described in section 102 (other than subsection (a)(1)(C) thereof) of the Higher Education Act of 1965 (20 U.S.C. 1002), as in effect on the date of the enactment of this section, and which has not been disqualified from participating in a program under title IV of such Act,

“(ii) an organization described in section 501(c) and exempt from tax under section 501(a),

“(iii) a local government agency, including—

“(I) a county or municipal government agency, and

“(II) an Indian tribe, as defined in section 4(13) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(13)), including any tribally designated housing entity (as defined in section 4(22) of such Act (25 U.S.C. 4103(22))), tribal subsidiary, subdivi-
sion, or other wholly owned tribal entity,

“(iv) a local, State, regional, or national coalition (with one lead organization which meets the eligibility requirements of clause (i), (ii), or (iii) acting as the applicant organization), or

“(v) in the case of a targeted population or community with respect to which no organizations described in the preceding clauses are available—

“(I) a State government agency,

or

“(II) an office providing Cooperative Extension services (as established at the land-grant colleges and universities under the Smith-Lever Act of May 8, 1914).

“(3) LOW-INCOME TAXPAYERS.—The term ‘low-income taxpayer’ means a taxpayer whose income for the taxable year does not exceed an amount equal to the completed phaseout amount under section 32(b) for a married couple filing a joint return with 3 or more qualifying children, as determined in a revenue procedure or other published guidance.
“(4) **Underserved population.**—The term ‘underserved population’ includes populations of persons with disabilities, persons with limited English proficiency, Native Americans, individuals living in rural areas, members of the Armed Forces and their spouses, and the elderly.

“(f) **Special Rules and Limitations.**—

“(1) **Duration of grants.**—Upon application of a qualified return preparation program, the Secretary is authorized to award a multi-year grant not to exceed 3 years.

“(2) **Aggregate limitation.**—Unless otherwise provided by specific appropriation, the Secretary shall not allocate more than $30,000,000 per fiscal year (exclusive of costs of administering the program) to grants under this section.

“(g) **Promotion and Referral.**—

“(1) **Promotion.**—The Secretary shall promote tax preparation through qualified return preparation programs through the use of mass communications, referrals, and other means.

“(2) **Internal Revenue Service referrals.**—The Secretary may refer taxpayers to qualified return preparation programs receiving grants under this section.
“(3) VITA GRANTEE REFERRAL.—Qualified return preparation programs receiving a grant under this section are encouraged to refer, as appropriate, to local or regional Low Income Taxpayer Clinics individuals who are eligible for such clinics.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by inserting after the item relating to section 7526 the following new item:

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