

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2901
OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. RETURN PREPARATION PROGRAMS FOR LOW-**
2 **INCOME TAXPAYERS.**

3 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
4 enue Code of 1986 is amended by inserting after section
5 7526 the following new section:

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

8 “(a) ESTABLISHMENT OF VOLUNTEER INCOME TAX
9 ASSISTANCE MATCHING GRANT PROGRAM.—The Sec-
10 retary shall establish a Community Volunteer Income Tax
11 Assistance Matching Grant Program under which the Sec-
12 retary may, subject to the availability of appropriated
13 funds, make grants to provide matching funds for the de-
14 velopment, expansion, or continuation of qualified return
15 preparation programs assisting low-income taxpayers and
16 members of underserved populations.

17 “(b) USE OF FUNDS.—

1 “(1) IN GENERAL.—Qualified return prepara-
2 tion programs may use grants received under this
3 section for—

4 “(A) ordinary and necessary costs associ-
5 ated with program operation in accordance with
6 cost principles under the applicable Office of
7 Management and Budget circular, including—

8 “(i) wages or salaries of persons co-
9 ordinating the activities of the program,

10 “(ii) developing training materials,
11 conducting training, and performing qual-
12 ity reviews of the returns prepared under
13 the program,

14 “(iii) equipment purchases, and

15 “(iv) vehicle-related expenses associ-
16 ated with remote or rural tax preparation
17 services,

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

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

24 “(2) REQUIREMENT OF MATCHING FUNDS.—A
25 qualified return preparation program must provide

1 matching funds on a dollar-for-dollar basis for all
2 grants provided under this section. Matching funds
3 may include—

4 “(A) the salary (including fringe benefits)
5 of individuals performing services for the pro-
6 gram,

7 “(B) the cost of equipment used in the
8 program, and

9 “(C) other ordinary and necessary costs
10 associated with the program.

11 Indirect expenses, including general overhead of any
12 entity administering the program, shall not be
13 counted as matching funds.

14 “(c) APPLICATION.—

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

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

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

1 “(B) taxpayer outreach and educational
2 activities relating to eligibility and availability
3 of income supports available through this title,
4 including the earned income tax credit, and

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

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

12 “(d) PROGRAM ADHERENCE.—

13 “(1) IN GENERAL.—The Secretary shall estab-
14 lish procedures for, and shall conduct not less fre-
15 quently than once every 5 calendar years during
16 which a qualified return preparation program is op-
17 erating under a grant under this section, periodic
18 site visits—

19 “(A) to ensure the program is carrying out
20 the purposes of this section, and

21 “(B) to determine whether the program
22 meets such program adherence standards as the
23 Secretary shall by regulation or other guidance
24 prescribe.

1 “(2) ADDITIONAL REQUIREMENTS FOR GRANT
2 RECIPIENTS NOT MEETING PROGRAM ADHERENCE
3 STANDARDS.—In the case of any qualified return
4 preparation program which—

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

7 “(B) is subsequently determined—

8 “(i) not to meet the program adher-
9 ence standards described in paragraph
10 (1)(B), or

11 “(ii) not to be otherwise carrying out
12 the purposes of this section,

13 such program shall not be eligible for any additional
14 grants under this section unless such program pro-
15 vides sufficient documentation of corrective meas-
16 ures established to address any such deficiencies de-
17 termined.

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

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

22 “(A) which provides assistance to individ-
23 uals, not less than 90 percent of whom are low-
24 income taxpayers, in preparing and filing Fed-
25 eral income tax returns,

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

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

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

9 “(2) QUALIFIED ENTITY.—

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

12 “(i) is an eligible organization,

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

15 “(iii) is not debarred or suspended
16 from Federal contracts, grants, or coopera-
17 tive agreements, and

18 “(iv) agrees to provide documentation
19 to substantiate any matching funds pro-
20 vided pursuant to the grant program under
21 this section.

22 “(B) ELIGIBLE ORGANIZATION.—The term
23 ‘eligible organization’ means—

24 “(i) an institution of higher education
25 which is described in section 102 (other

1 than subsection (a)(1)(C) thereof) of the
2 Higher Education Act of 1965 (20 U.S.C.
3 1002), as in effect on the date of the en-
4 actment of this section, and which has not
5 been disqualified from participating in a
6 program under title IV of such Act,

7 “(ii) an organization described in sec-
8 tion 501(c) and exempt from tax under
9 section 501(a),

10 “(iii) a local government agency, in-
11 cluding—

12 “(I) a county or municipal gov-
13 ernment agency, and

14 “(II) an Indian tribe, as defined
15 in section 4(13) of the Native Amer-
16 ican Housing Assistance and Self-De-
17 termination Act of 1996 (25 U.S.C.
18 4103(13)), including any tribally des-
19 igned housing entity (as defined in
20 section 4(22) of such Act (25 U.S.C.
21 4103(22))), tribal subsidiary, subdivi-
22 sion, or other wholly owned tribal en-
23 tity,

24 “(iv) a local, State, regional, or na-
25 tional coalition (with one lead organization

1 which meets the eligibility requirements of
2 clause (i), (ii), or (iii) acting as the appli-
3 cant organization), or

4 “(v) in the case of low-income tax-
5 payers and members of underserved popu-
6 lations with respect to which no organiza-
7 tions described in the preceding clauses are
8 available—

9 “(I) a State government agency,
10 or

11 “(II) an office providing Cooper-
12 ative Extension services (as estab-
13 lished at the land-grant colleges and
14 universities under the Smith-Lever
15 Act of May 8, 1914).

16 “(3) LOW-INCOME TAXPAYERS.—The term ‘low-
17 income taxpayer’ means a taxpayer whose income
18 for the taxable year does not exceed an amount
19 equal to the completed phaseout amount under sec-
20 tion 32(b) for a married couple filing a joint return
21 with 3 or more qualifying children, as determined in
22 a revenue procedure or other published guidance.

23 “(4) UNDERSERVED POPULATION.—The term
24 ‘underserved population’ includes populations of per-
25 sons with disabilities, persons with limited English

1 proficiency, Native Americans, individuals living in
2 rural areas, members of the Armed Forces and their
3 spouses, and the elderly.

4 “(f) SPECIAL RULES AND LIMITATIONS.—

5 “(1) DURATION OF GRANTS.—Upon application
6 of a qualified return preparation program, the Sec-
7 retary is authorized to award a multi-year grant not
8 to exceed 3 years.

9 “(2) AGGREGATE LIMITATION.—Unless other-
10 wise provided by specific appropriation, the Sec-
11 retary shall not allocate more than \$30,000,000 per
12 fiscal year (exclusive of costs of administering the
13 program) to grants under this section.

14 “(g) PROMOTION OF PROGRAMS.—

15 “(1) IN GENERAL.—The Secretary shall pro-
16 mote tax preparation through qualified return prepa-
17 ration programs through the use of mass commu-
18 nications and other means.

19 “(2) PROVISION OF INFORMATION REGARDING
20 QUALIFIED RETURN PREPARATION PROGRAMS.—The
21 Secretary may provide taxpayers information regard-
22 ing qualified return preparation programs receiving
23 grants under this section.

24 “(3) VITA GRANTEE REFERRAL.—Qualified re-
25 turn preparation programs receiving a grant under

1 this section are encouraged, in appropriate cases,
2 to—

3 “(A) advise taxpayers of the availability of,
4 and eligibility requirements for receiving, advice
5 and assistance from qualified low-income tax-
6 payer clinics receiving funding under section
7 7526, and

8 “(B) provide information regarding the lo-
9 cation of, and contact information for, such
10 clinics.”.

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

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

