

HOUSE RESEARCH

Bill Summary

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Authors: Swedzinski and others

Subject: Tax Time Savings Grant Program; Taxpayer Assistance Grants

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Overview

This bill establishes a tax time savings grant program. This program would provide state grants to TCE (Tax Counseling for the Elderly) and VITA (Volunteer Income Tax Assistance) organizations so that they can help their clients open bank accounts, deposit tax refunds in them, and purchase U.S. savings bonds. The services would be provided in connection with the organizations' tax preparation services, funded through the state taxpayer assistance grant program.

It appropriates \$400,000 in fiscal year 2017 for the new program, as well as an additional \$400,000 for the taxpayer assistance program in fiscal year 2017.

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1 Tax time savings grant program. Establishes a grant program for nonprofit organizations to provide “financial capability services” (i.e., helping clients to open bank accounts, deposit tax refunds, and buy I-savings bonds) in connection with the operation of VITA and TCE sites that receive grants under the Taxpayer Assistance Grant program.

Definitions. Defines terms for purposes of the program:

- **Financial capability services** is defined to mean financial advice or assistance services including:

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- helping to open savings or transactional bank accounts and deposit tax refunds in them;
 - helping clients to get and interpret consumer reports, credit scores, and banking history reports;
 - providing financial coaching and credit and debt counseling; and
 - helping to enroll in various savings program and purchasing U.S. savings bonds (but only from the I-series that are adjusted for inflation).
- **Transactional account** includes a traditional check account (demand deposit account) or purchase of a general purpose pre-paid card.
 - **TCE** means the Tax Counseling for the Elderly program established by the Internal Revenue Service (IRS).
 - **VITA** means the Volunteer Income Tax Assistance program established by the IRS.

Who can receive grants? 501(c)(3) nonprofit organizations that are registered with the IRS under either the VITA or TCE programs who dedicate a staffer or volunteer to provide financial capability services (with a minim of help opening an account, depositing tax refunds, and buying I-bonds) can apply for grants.

Can banks or other providers also fund the programs? Organizations may not apply for grants, if they receive funding from banks or other providers that are exchanged for or contingent upon offering their products or services. Applicants can be funded by banks and similar, if the funding is not tied to these types of arrangements.

What can grant funds be used for? Grants must be used to provide free services at VITA and TCA sites to clients help open accounts, deposit tax refunds, and purchase I-bonds. Other financial capability services may be provided, as well.

- 2 **Tax time savings grant program; appropriation.** Appropriates \$400,000 from the general fund for the tax time savings grant program in fiscal year 2017. The base funding (used in preparing the budget for next biennium) would be set at \$400,000 per year.
- 3 **Taxpayer assistance grants; appropriation.** Appropriates \$400,000 from the general fund for fiscal year 2017 taxpayer assistance grants. This would supplement the fiscal year 2017 appropriation for that purpose, enacted by the 2015 legislature, of \$400,000. The base funding (used in preparing the budget for next biennium) would be set at \$800,000 per year; thus, it would include the supplemental appropriation under this section.