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H.B. No. 955

A BILL TO BE ENTITLED

AN ACT

relating to expanding the capacity of volunteer income tax assistance programs.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 2306, Government Code, is amended by adding Subchapter NN to read as follows:

SUBCHAPTER NN. VOLUNTEER INCOME TAX ASSISTANCE (VITA) GRANT PROGRAM

Sec. 2306.1091. DEFINITIONS. In this subchapter:

(1) "Federal income tax filing season" means a period of each year that begins January 2 and ends April 30.

(2) "Free File program" means the free federal income tax preparation and electronic filing program for eligible taxpayers that is developed through a partnership between the Internal Revenue Service and private tax software companies.

(3) "Grant program" means the volunteer income tax assistance grant program established under this subchapter.

(4) "Volunteer income tax assistance program" means a program operated through a collaboration of the Internal Revenue Service and another entity under which taxpayers eligible for the Free File program receive free assistance in preparing federal income tax returns.

Sec. 2306.1092. ESTABLISHMENT OF VOLUNTEER INCOME TAX ASSISTANCE (VITA) GRANT PROGRAM. The department shall establish a volunteer income tax assistance grant program through which the

1 department will award grants each year to support the
2 implementation and operation of volunteer income tax assistance
3 programs in the subsequent federal income tax filing season.

4 Sec. 2306.1093. ADMINISTRATION OF GRANT PROGRAM. In the
5 year preceding the federal income tax filing season in which grant
6 recipients will operate volunteer income tax assistance programs,
7 the department shall:

8 (1) issue a request for proposals to participate in
9 the grant program on or before June 30;

10 (2) select and notify grant recipients on or before
11 September 1; and

12 (3) distribute grant program money on or before
13 November 1.

14 Sec. 2306.1094. ELIGIBILITY. To be eligible for a grant, an
15 applicant must be located in this state and be:

16 (1) a nonprofit educational institution, a nonprofit
17 faith-based or community-based organization, or any other
18 nonprofit organization;

19 (2) a political subdivision of this state, including a
20 county or municipality; or

21 (3) a regional or local coalition that has at least one
22 lead organization that meets the criteria specified by Subdivision
23 (1) or (2).

24 Sec. 2306.1095. APPLICATION. An entity that meets the
25 eligibility requirements specified by Section 2306.1094 may apply
26 for a grant by submitting a written application to the department on
27 a form prescribed by the board. The application must include:

1 (1) proof of designation by the Internal Revenue
2 Service as a volunteer income tax assistance program sponsor;

3 (2) the applicant's Electronic Filing Identification
4 Number assigned by the Internal Revenue Service;

5 (3) a letter of support from the applicant's regional
6 Internal Revenue Service Stakeholder, Partnerships, Education, and
7 Communication representative;

8 (4) a statement that the applicant agrees to use grant
9 money distributed under this subchapter primarily to serve
10 taxpayers eligible for the Free File program; and

11 (5) an agreement to operate a volunteer income tax
12 assistance program using a mixture of funding the total operating
13 funds of which for any year consist of not more than 65 percent
14 grant program money distributed under this subchapter.

15 Sec. 2306.1096. ADDITIONAL CONSIDERATIONS IN AWARDING
16 GRANTS. In determining whether to award a grant to an applicant who
17 otherwise meets the eligibility requirements specified by this
18 subchapter, the department may give special consideration to
19 applicants who will:

20 (1) serve areas that have historically experienced:

21 (A) low earned income tax credit claim rates;

22 (B) high usage rates of refund anticipation loans
23 or similar products; or

24 (C) low participation rates, as compared to other
25 areas, in free tax preparation programs by families eligible for
26 the earned income tax credit;

27 (2) assist persons filing federal income tax returns

1 in attaining financial stability; or

2 (3) assist persons filing federal income tax returns
3 with enrolling in or contributing to college savings plans or
4 funds.

5 Sec. 2306.1097. LIMITATION. A single grant recipient may
6 not receive more than 25 percent of the total amount of grant
7 program money distributed in one year.

8 Sec. 2306.1098. USE OF GRANT PROGRAM MONEY. Grant program
9 money may be used only to pay:

10 (1) the wages of volunteer income tax assistance
11 program staff;

12 (2) the costs of operating the volunteer income tax
13 assistance program, including rent, computers, furniture, office
14 supplies, telephone service, and Internet service; and

15 (3) the costs of recruiting and training volunteers.

16 Sec. 2306.1099. PERFORMANCE AGREEMENT. Each grant
17 recipient shall enter into a performance agreement with the
18 department detailing the department's expectations for the use of
19 the grant program money and the work to be performed by the
20 recipient.

21 Sec. 2306.1100. PERFORMANCE REPORT. Each grant recipient
22 shall submit a performance report to the department not later than
23 May 30 of the year in which the recipient operates a volunteer
24 income tax assistance program using grant program money. The
25 performance report must include detailed information about:

26 (1) each expenditure of grant program money made by
27 the recipient; and

1 (2) the amount of earned income tax credit funds
2 generated directly by the volunteer income tax assistance program
3 operated by the recipient using grant program money.

4 Sec. 2306.1101. GRANT PROGRAM FUNDING. (a) To the extent
5 authorized by federal law and subject to appropriation for this
6 purpose, the department shall distribute as grants authorized by
7 this subchapter at least 0.25 percent of the funds received by this
8 state during each state fiscal biennium under the federal Temporary
9 Assistance for Needy Families block grant.

10 (b) The comptroller shall transfer funds received under the
11 federal Temporary Assistance for Needy Families block grant from
12 the Health and Human Services Commission to the department as
13 necessary to implement this section.

14 (c) In addition to funds described by Subsection (a), the
15 department shall distribute as grants authorized by this subchapter
16 other money that is:

17 (1) appropriated for that purpose; or

18 (2) designated by the department and otherwise
19 available for that purpose.

20 Sec. 2306.1102. RULES. The board shall adopt rules as
21 necessary to implement this subchapter.

22 SECTION 2. (a) In this section, "grant program" means the
23 volunteer income tax assistance grant program established under
24 Subchapter NN, Chapter 2306, Government Code, as added by this Act.

25 (b) Notwithstanding Section 2306.1093, Government Code, as
26 added by this Act, for grants awarded under the grant program in
27 2009 that will be used to operate volunteer income tax assistance

1 programs during 2010, the Texas Department of Housing and Community
2 Affairs shall:

3 (1) issue a request for proposals to participate in
4 the grant program on or before September 15, 2009;

5 (2) select and notify grant recipients on or before
6 November 15, 2009; and

7 (3) distribute grant money on or before December 15,
8 2009.

9 SECTION 3. If before implementing any provision of this Act
10 a state agency determines that a waiver or authorization from a
11 federal agency is necessary for implementation of that provision,
12 the agency affected by the provision shall request the waiver or
13 authorization and may delay implementing that provision until the
14 waiver or authorization is granted.

15 SECTION 4. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2009.