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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **1862**

02/28/2019 Authored by Lien; Swedzinski; Schultz; Carlson, L.; Albright and others  
The bill was read for the first time and referred to the Committee on Government Operations  
03/13/2019 Adoption of Report: Amended and re-referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to state government; creating and appropriating money for a grant program
- 1.3 for financial capability services integrated with taxpayer assistance services;
- 1.4 requiring reports; increasing existing appropriation for the taxpayer assistance
- 1.5 grants program; amending Minnesota Statutes 2018, section 270C.21.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2018, section 270C.21, is amended to read:
- 1.8 **270C.21 TAXPAYER ASSISTANCE GRANTS.**
- 1.9 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
- 1.10 the meanings given.
- 1.11 (b) "Financial capability services" means any of the following:
- 1.12 (1) assistance with opening a savings or transactional account that meets the Federal
- 1.13 Deposit Insurance Corporation's model safe accounts template standards;
- 1.14 (2) assistance with depositing all or part of a tax refund into a savings or transactional
- 1.15 account;
- 1.16 (3) assistance with obtaining and reviewing a consumer report or credit score, as those
- 1.17 terms are defined in United States Code, title 15, section 1681a;
- 1.18 (4) assistance with obtaining and reviewing a banking history report;
- 1.19 (5) financial coaching, or referral to financial coaching services, as provided in section
- 1.20 256E.35, subdivision 4a;

2.1 (6) National Foundation for Credit Counseling certified consumer credit and debt  
2.2 counseling or referral to these services;

2.3 (7) enrollment in a matched or incentivized savings program, including the provision  
2.4 of matching or incentive funds;

2.5 (8) referral to a certified financial planner, registered investment adviser, licensed  
2.6 insurance producer or agent, or a registered securities broker-dealer representative for private  
2.7 sector retirement options; or

2.8 (9) assistance with purchasing a Series I United States Savings Bond with all or part of  
2.9 a tax refund.

2.10 (c) "Transactional account" means a traditional demand deposit account or a general  
2.11 purpose reloadable prepaid card offered by a bank or credit union.

2.12 (d) "TCE" means the Tax Counseling for the Elderly program established by the Internal  
2.13 Revenue Service.

2.14 (e) "VITA" means the Volunteer Income Tax Assistance program established by the  
2.15 Internal Revenue Service.

2.16 Subd. 2. Permitted use of taxpayer assistance grants. ~~When the commissioner awards~~  
2.17 ~~grants to nonprofit organizations~~ (a) The commissioner may award grants to nonprofit  
2.18 organizations for the following purposes:

2.19 (1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance  
2.20 services; and

2.21 (2) to provide financial capability services integrated with the delivery of taxpayer  
2.22 assistance services funded under clause (1).

2.23 (b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as  
2.24 defined under subdivision 3.

2.25 Subd. 3. Qualified applicant. To be eligible to receive a grant under subdivision 2,  
2.26 clause (2), an applicant must:

2.27 (1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with  
2.28 the Internal Revenue Service as part of either the VITA or TCE programs; and

2.29 (2) commit to dedicate at least one staff or volunteer position to coordinate financial  
2.30 capability services at a VITA or TCE program site and to offer VITA or TCE program  
2.31 participants free assistance with the initiation through completion of:

3.1 (i) opening a savings and a transactional account that meet the Federal Deposit Insurance  
3.2 Corporation's model safe accounts template standards;

3.3 (ii) depositing all or part of a tax refund into a savings or transactional account; and

3.4 (iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

3.5 Subd. 4. **Conflict of interest.** (a) No applicant for a grant under subdivision 2, clause  
3.6 (2), may receive direct compensation from a bank, credit union, or other financial services  
3.7 provider or vendor in exchange for the applicant offering to program participants the products  
3.8 or services of that bank, credit union, or other financial services provider or vendor.

3.9 (b) No applicant for a grant under subdivision 2, clause (2), may receive funding from  
3.10 a bank, credit union, or other financial services provider or vendor that is contingent on the  
3.11 applicant offering products or services of that bank, credit union, or other financial services  
3.12 provider or vendor to program participants.

3.13 (c) An applicant for a grant under subdivision 2, clause (2), may receive funding from  
3.14 a bank, credit union, or other financial services provider or vendor that is not in exchange  
3.15 for or contingent upon the applicant offering products or services of that bank, credit union,  
3.16 or other financial services provider or vendor to program participants.

3.17 (d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2),  
3.18 must disclose any funding from a bank, credit union, or other financial services provider or  
3.19 vendor whose products or services will be offered at the applicant's or recipient's VITA or  
3.20 TCE site.

3.21 Subd. 5. **Public notice.** The commissioner must provide public notice of the grants in  
3.22 a timely manner so that the grant process is completed and grants are awarded by October  
3.23 1, in order for recipient organizations to adequately plan expenditures for the filing season.  
3.24 At the time the commissioner provides public notice, the commissioner must also notify  
3.25 nonprofit organizations that received grants in the previous biennium.

3.26 Subd. 6. **Technical assistance.** Within available appropriations, the commissioner shall  
3.27 offer technical assistance to an organization that meets the requirement in subdivision 3,  
3.28 clause (1). The technical assistance may include, but is not limited to:

3.29 (1) tax site development and management training;

3.30 (2) VITA and TCE site coordinator training;

3.31 (3) individual tax preparer and reviewer training on tax law;

3.32 (4) support in developing volunteer training;

4.1 (5) tax return preparation software and e-file administration training; and

4.2 (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

4.3 Subd. 7. **Reporting.** A recipient of a grant under this section must report to the  
4.4 commissioner on the recipient's use of the grant money. Reporting requirements must include  
4.5 but are not limited to:

4.6 (1) the number of people who receive financial capability services and what kind of  
4.7 services;

4.8 (2) the number of savings or transactional accounts opened;

4.9 (3) the number of savings bonds purchased; and

4.10 (4) the average amount of federal tax refund.

4.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.12 Sec. 2. **TAXPAYER ASSISTANCE GRANTS APPROPRIATION.**

4.13 \$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the  
4.14 general fund to the commissioner of revenue for grants under Minnesota Statutes, section  
4.15 270C.21, subdivision 2, in addition to the current base funding for the program. Of the  
4.16 amount appropriated under this paragraph and the current base funding for taxpayer assistance  
4.17 grants, up to five percent may be used for the administration of the taxpayer assistance  
4.18 grants program.