

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 2578

(SENATE AUTHORS: KOENEN, Rest, Senjem, Abeler and Dzedzic)

DATE	D-PG	OFFICIAL STATUS
03/10/2016	4964	Introduction and first reading Referred to Commerce
03/14/2016	5047	Author added Dzedzic
03/21/2016	5131	Comm report: To pass and re-referred to Finance
04/18/2016	5894a	Comm report: To pass as amended and re-refer to Taxes

1.1 A bill for an act
 1.2 relating to state government; creating and appropriating money for a tax time
 1.3 savings grant program; increasing existing appropriation for the taxpayer
 1.4 assistance grants program; proposing coding for new law in Minnesota Statutes,
 1.5 chapter 270C.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. **[270C.22] TAX TIME SAVINGS GRANT PROGRAM.**

1.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
 1.9 have the meanings given.

1.10 (b) "Financial capability services" means any of the following:

1.11 (1) assistance with opening a savings or transactional account that meets the Federal
 1.12 Deposit Insurance Corporation's model safe accounts template standards;

1.13 (2) assistance with depositing all or part of a tax refund into a savings or transactional
 1.14 account;

1.15 (3) assistance with obtaining and reviewing a consumer report or credit score, as
 1.16 those terms are defined in United States Code, title 15, section 1681a;

1.17 (4) assistance with obtaining and reviewing a banking history report;

1.18 (5) financial coaching, or referral to financial coaching services, as provided in
 1.19 section 256E.35, subdivision 4a;

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

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

1.24 (8) assistance with purchasing federal retirement savings bonds, as described in
 1.25 Code of Federal Regulations, title 31, part 347, or referral to a certified financial planner,

2.1 registered investment adviser, licensed insurance producer or agent, or a registered
2.2 securities broker-dealer representative for private sector retirement options; or

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

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

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

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

2.11 Subd. 2. **Creation.** The commissioner of revenue shall establish a tax time
2.12 savings grant program to make grants to one or more nonprofit organizations to fund the
2.13 integration of financial capability services into the delivery of taxpayer assistance services
2.14 funded by grants under section 270C.21.

2.15 Subd. 3. **Qualified applicant.** To be eligible to receive a grant under the tax time
2.16 savings grant program, an applicant must:

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

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

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

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

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

2.26 Subd. 4. **Conflict of interest.** (a) No applicant may receive direct compensation
2.27 from a bank, credit union, other financial services provider, or vendor in exchange for the
2.28 applicant offering to program participants the products or services of that bank, credit
2.29 union, other financial services provider, or vendor.

2.30 (b) No applicant may receive funding from a bank, credit union, other financial
2.31 services provider, or vendor that is contingent on the applicant offering products or
2.32 services of that bank, credit union, other financial services provider, or vendor to program
2.33 participants.

2.34 (c) An applicant may receive funding from a bank, credit union, other financial
2.35 services provider, or vendor that is not in exchange for or contingent upon the applicant

3.1 offering products or services of that bank, credit union, other financial services provider,
3.2 or vendor to program participants.

3.3 Subd. 5. Permitted use of grant funds. (a) A grant recipient may use grant funds
3.4 to dedicate a staff or volunteer position to coordinate financial capability services at a
3.5 VITA or TCE site and to offer VITA or TCE program participants free assistance with the
3.6 initiation through completion of:

3.7 (1) opening a savings and a transactional account that meet the Federal Deposit
3.8 Insurance Corporation's model safe accounts template standards;

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

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

3.11 (b) A grant recipient who offers all of the financial capability services enumerated
3.12 in paragraph (a) may also use grant funds to provide one or more additional financial
3.13 capability services to VITA or TCE program participants at no cost to the participant.

3.14 Sec. 2. TAX TIME SAVINGS GRANT PROGRAM APPROPRIATION.

3.15 (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the
3.16 commissioner of revenue to make grants under the tax time savings grant program under
3.17 Minnesota Statutes, section 270C.22. Of this amount, up to five percent may be used for
3.18 the administration of the tax time savings grant program.

3.19 (b) The base funding for the grant program authorized under paragraph (a) is
3.20 \$400,000 each year.

3.21 Sec. 3. TAXPAYER ASSISTANCE GRANTS APPROPRIATION.

3.22 (a) \$400,000 is appropriated in fiscal year 2017 from the general fund to the
3.23 commissioner of revenue for the provision of taxpayer assistance grants under Minnesota
3.24 Statutes, section 270C.21, in addition to the current base funding for the program. Of the
3.25 amount appropriated under this paragraph and the current base funding for the provision
3.26 of taxpayer assistance grants, up to five percent may be used for the administration of the
3.27 taxpayer assistance grants program.

3.28 (b) After fiscal year 2017, the base funding for the program under paragraph (a) is
3.29 \$800,000 each year.