

116TH CONGRESS  
1ST SESSION

# H. R. 3590

To amend the Internal Revenue Code of 1986 to establish a refundable tax credit to increase the take-home pay of American workers and enhance their financial stability, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 27, 2019

Ms. TLAIB (for herself, Mr. CICILLINE, Mr. COHEN, Mrs. DINGELL, Mr. GARCÍA of Illinois, Mr. HASTINGS, Ms. JACKSON LEE, Ms. JAYAPAL, Ms. LEE of California, Ms. NORTON, Ms. OCASIO-CORTEZ, Ms. PRESSLEY, and Mr. POCAN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to establish a refundable tax credit to increase the take-home pay of American workers and enhance their financial stability, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Building Our Opportu-  
5 nities to Survive and Thrive Act of 2019”.

1 **SEC. 2. ESTABLISHMENT OF MIDDLE CLASS TAX CREDIT.**

2 (a) IN GENERAL.—Subpart C of part IV of sub-  
3 chapter A of chapter 1 of the Internal Revenue Code of  
4 1986 is amended by inserting after section 36 the fol-  
5 lowing new section:

6 **“SEC. 36A. MIDDLE CLASS TAX CREDIT.**

7 “(a) ALLOWANCE OF CREDIT.—

8 “(1) IN GENERAL.—In the case of an eligible  
9 individual, there shall be allowed as a credit against  
10 the tax imposed by this subtitle for the taxable year  
11 an amount equal to \$3,000.

12 “(2) PHASEOUT OF CREDIT.—The amount of  
13 the credit allowable to the taxpayer under paragraph  
14 (1) for the taxable year shall be reduced (but not  
15 below zero) by an amount which bears the same  
16 ratio to the amount of the credit determined under  
17 such paragraph as—

18 “(A) the amount (not less than zero) equal  
19 to the adjusted gross income of the taxpayer for  
20 the preceding taxable year minus \$30,000,  
21 bears to

22 “(B) \$20,000.

23 “(3) JOINT RETURNS.—

24 “(A) IN GENERAL.—For purposes of deter-  
25 mining the amount of the credit allowed under  
26 this section for any taxable year, if a joint re-

1           turn was filed for the preceding taxable year by  
2           an eligible individual and such individual's  
3           spouse, each of the dollar amounts under para-  
4           graphs (1) and (2) shall be doubled.

5           “(B) MARRIED INDIVIDUALS.—For pur-  
6           poses of determining the amount of the credit  
7           allowed under this section for any taxable year,  
8           if an individual was married during the pre-  
9           ceding taxable year (within the meaning of sec-  
10          tion 7703), this section shall apply only if a  
11          joint return was filed for the preceding taxable  
12          year under section 6013.

13          “(4) HEAD OF HOUSEHOLD.—For purposes of  
14          determining the amount of the credit allowed under  
15          this section for any taxable year, if a taxpayer filed  
16          a return as a head of household for the preceding  
17          taxable year, the reduction of the credit allowable to  
18          the taxpayer under paragraph (1) shall be deter-  
19          mined under paragraph (2) by substituting  
20          ‘\$80,000’ for ‘\$30,000’ in subparagraph (A) thereof.

21          “(5) INFLATION ADJUSTMENTS.—

22          “(A) IN GENERAL.—In the case of any  
23          taxable year after 2019, each of the dollar  
24          amounts under paragraphs (1), (2), and (4)  
25          shall be increased by an amount equal to—

1 “(i) such dollar amount, multiplied by

2 “(ii) the cost-of-living adjustment de-  
3 termined under section 1(f)(3) for the cal-  
4 endar year in which the taxable year be-  
5 gins, determined by substituting ‘calendar  
6 year 2018’ for ‘calendar year 2016’ in sub-  
7 paragraph (A)(ii) thereof.

8 “(B) ROUNDING.—If any increase deter-  
9 mined under subparagraph (A) is not a multiple  
10 of \$50, such increase shall be rounded to the  
11 nearest multiple of \$50.

12 “(b) ELIGIBLE INDIVIDUAL.—For purposes of deter-  
13 mining the credit allowed under this section for any tax-  
14 able year—

15 “(1) IN GENERAL.—The term ‘eligible indi-  
16 vidual’ means an individual—

17 “(A) who attained 18 years of age before  
18 the close of the preceding taxable year,

19 “(B) whose principal place of abode was in  
20 the United States for more than one-half of the  
21 preceding taxable year,

22 “(C) who was not a dependent for whom a  
23 deduction is allowable under section 151 to an-  
24 other taxpayer for any taxable year beginning

1 in the same calendar year as the preceding tax-  
2 able year, and

3 “(D) who did not claim the benefits of sec-  
4 tion 911 for the preceding taxable year.

5 “(2) LIMITATION ON ELIGIBILITY OF NON-  
6 RESIDENT ALIENS.—The term ‘eligible individual’  
7 shall not include any individual who is a nonresident  
8 alien individual for any portion of the preceding tax-  
9 able year, unless such individual is treated for such  
10 taxable year as a resident of the United States for  
11 purposes of this chapter by reason of an election  
12 under subsection (g) or (h) of section 6013.

13 “(3) IDENTIFICATION NUMBER REQUIRE-  
14 MENT.—No credit shall be allowed under this section  
15 to an eligible individual who does not include on the  
16 return of tax for the taxable year—

17 “(A) such individual’s taxpayer identifica-  
18 tion number, and

19 “(B) if the individual was married during  
20 the preceding taxable year (within the meaning  
21 of section 7703), the taxpayer identification  
22 number of such individual’s spouse.

23 “(4) TREATMENT OF MILITARY PERSONNEL  
24 STATIONED OUTSIDE OF THE UNITED STATES.—For  
25 purposes of subparagraph (A)(ii), the principal place

1 of abode of a member of the Armed Forces of the  
2 United States shall be treated as in the United  
3 States during any period during which such member  
4 is stationed outside the United States while serving  
5 on extended active duty with the Armed Forces of  
6 the United States. For purposes of the preceding  
7 sentence, the term ‘extended active duty’ means any  
8 period of active duty pursuant to a call or order to  
9 such duty for a period in excess of 90 days or for  
10 an indefinite period.

11 “(c) TAXABLE YEAR MUST BE FULL TAXABLE  
12 YEAR.—Except in the case of a taxable year closed by rea-  
13 son of the death of the taxpayer, no credit shall be allow-  
14 able under this section in the case of a taxable year cov-  
15 ering a period of less than 12 months.

16 “(d) RESTRICTIONS ON TAXPAYER WHO IMPROP-  
17 ERLY CLAIMED CREDIT IN PRIOR YEAR.—Rules similar  
18 to subsection (k) of section 32 shall apply for purposes  
19 of this section.

20 “(e) RECONCILIATION OF CREDIT AND ADVANCE  
21 PAYMENTS.—The amount of the credit allowed under this  
22 section for any taxable year shall be reduced (but not  
23 below zero) by the aggregate amount of any advance pay-  
24 ments of such credit under section 7527A for such taxable  
25 year.”.

1 (b) ADVANCE PAYMENT OF MIDDLE CLASS TAX  
2 CREDIT.—

3 (1) IN GENERAL.—Chapter 77 of the Internal  
4 Revenue Code of 1986 is amended by inserting after  
5 section 7527 the following new section:

6 **“SEC. 7527A. ADVANCE PAYMENT OF MIDDLE CLASS TAX**  
7 **CREDIT.**

8 “(a) IN GENERAL.—Not later than 6 months after  
9 the date of the enactment of the LIFT (Livable Incomes  
10 for Families Today) the Middle Class Act, the Secretary  
11 shall establish a program for making advance payments  
12 of the credit allowed under section 36A on a monthly basis  
13 (determined without regard to subsection (f) of such sec-  
14 tion) to any taxpayer who—

15 “(1) the Secretary has determined will be al-  
16 lowed such credit for the taxable year, and

17 “(2) has made an election under subsection (c).

18 “(b) AMOUNT OF ADVANCE PAYMENT.—

19 “(1) IN GENERAL.—For purposes of subsection  
20 (a), the amount of the monthly advance payment of  
21 the credit provided to a taxpayer during the applica-  
22 ble period shall be equal to the lesser of—

23 “(A) an amount equal to—

24 “(i) the amount of the credit which  
25 the Secretary has determined will be al-

1                   lowed to such taxpayer under section 36A  
2                   for the taxable year ending in such applica-  
3                   ble period, divided by

4                   “(ii) 12, or

5                   “(B) such other amount as is elected by  
6                   the taxpayer.

7                   “(2) APPLICABLE PERIOD.—For purposes of  
8                   this section, the term ‘applicable period’ means the  
9                   12-month period from the month of July of the tax-  
10                  able year through the month of June of the subse-  
11                  quent taxable year.

12                  “(c) ELECTION OF ADVANCE PAYMENT.—A taxpayer  
13                  may elect to receive an advance payment of the credit al-  
14                  lowed under section 36A for any taxable year by including  
15                  such election on a timely filed return for the preceding  
16                  taxable year.

17                  “(d) INTERNAL REVENUE SERVICE NOTIFICA-  
18                  TION.—The Internal Revenue Service shall take such  
19                  steps as may be appropriate to ensure that taxpayers who  
20                  are eligible to receive the credit under section 36A are  
21                  aware of the availability of the advance payment of such  
22                  credit under this section.

23                  “(e) AUTHORITY.—The Secretary may prescribe such  
24                  regulations or other guidance as may be appropriate or  
25                  necessary for the purposes of carrying out this section.”.

1           (c) INCOME DISREGARD.—Any credit or refund al-  
2 lowed or made to any individual by reason of section 36A  
3 of the Internal Revenue Code of 1986 (as added by this  
4 section) shall not be taken into account as income and  
5 shall not be taken into account as resources for purposes  
6 of determining the eligibility of such individual or any  
7 other individual for benefits or assistance, or the amount  
8 or extent of benefits or assistance, under any Federal pro-  
9 gram or under any State or local program financed in  
10 whole or in part with Federal funds.

11           (d) CONFORMING AMENDMENTS.—

12                 (1) Section 6211(b)(4)(A) of the Internal Rev-  
13 enue Code of 1986 is amended by inserting “36A,”  
14 after “36,”.

15                 (2) Section 6213(g)(2) of such Code is amend-  
16 ed—

17                         (A) in subparagraph (F), by inserting “or  
18 section 36A” after “credit”;

19                         (B) in subparagraph (G), by inserting “or  
20 36A” after “section 32”;

21                         (C) by striking subparagraph (K) and in-  
22 sserting the following:

23                                 “(K) an omission of information required  
24 by section 32(k)(2) or 36(e) or an entry on the  
25 return claiming—

1 “(i) the credit under section 32 for a  
2 taxable year for which the credit is dis-  
3 allowed under subsection (k)(1) thereof, or

4 “(ii) the credit under section 36A for  
5 a taxable year for which the credit is dis-  
6 allowed under subsection (d) thereof,”; and

7 (D) in subparagraph (L), by striking “or  
8 32” and inserting “32, or 36A”.

9 (3) The table of sections for subpart C of part  
10 IV of subchapter A of chapter 1 of such Code is  
11 amended by inserting after the item relating to sec-  
12 tion 36 the following new item:

“Sec. 36A. Middle class tax credit.”.

13 (4) The table of sections for chapter 77 of such  
14 Code is amended by inserting after the item relating  
15 to section 7527 the following:

“Sec. 7527A. Advance payment of middle class tax credit.”.

16 (e) EFFECTIVE DATE.—The amendments made by  
17 this section shall apply to taxable years beginning after  
18 December 31, 2017.

19 **SEC. 3. RETURN PREPARATION PROGRAMS FOR LOW-IN-**  
20 **COME TAXPAYERS.**

21 (a) IN GENERAL.—Chapter 77 of the Internal Rev-  
22 enue Code of 1986 is amended by inserting after section  
23 7526 the following new section:

1 **“SEC. 7526A. RETURN PREPARATION PROGRAMS FOR LOW-**  
2 **INCOME TAXPAYERS.**

3 “(a) VOLUNTEER INCOME TAX ASSISTANCE MATCH-  
4 ING GRANT PROGRAM.—

5 “(1) ESTABLISHMENT OF PROGRAM.—The Sec-  
6 retary, through the Internal Revenue Service, shall  
7 establish a Community Volunteer Income Tax As-  
8 sistance Matching Grant Program (hereinafter in  
9 this section referred to as the ‘VITA grant pro-  
10 gram’). Except as otherwise provided in this section,  
11 the VITA grant program shall be administered in a  
12 manner which is substantially similar to the Commu-  
13 nity Volunteer Income Tax Assistance matching  
14 grants demonstration program established under  
15 title I of division D of the Consolidated Appropria-  
16 tions Act, 2008.

17 “(2) MATCHING GRANTS.—

18 “(A) IN GENERAL.—The Secretary may,  
19 subject to the availability of appropriated funds,  
20 make available grants under the VITA grant  
21 program to provide matching funds for the de-  
22 velopment, expansion, or continuation of quali-  
23 fied return preparation programs assisting low-  
24 income taxpayers and members of underserved  
25 populations.

26 “(B) APPLICATION.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), in order to be eligible for a grant  
3           under this section, a qualified return prep-  
4           aration program shall submit an applica-  
5           tion to the Secretary at such time, in such  
6           manner, and containing such information  
7           as the Secretary may reasonably require.

8           “(ii) ACCURACY REVIEW.—In the case  
9           of any qualified return preparation pro-  
10          gram which was awarded a grant under  
11          this section and was subsequently subject  
12          to a field site visit by the Internal Revenue  
13          Service (including through the Stakeholder  
14          Partnerships, Education, and Communica-  
15          tion office) in which it was determined that  
16          the average accuracy rate for preparation  
17          of tax returns through such program was  
18          less than 90 percent, such program shall  
19          not be eligible for any additional grants  
20          under this section unless such program  
21          provides, as part of their application, suffi-  
22          cient documentation regarding the correc-  
23          tive measures established by such program  
24          to address the deficiencies identified fol-  
25          lowing the field site visit.

1           “(C) PRIORITY.—In awarding grants  
2 under this section, the Secretary shall give pri-  
3 ority to applications—

4           “(i) demonstrating assistance to low-  
5 income taxpayers, with emphasis on out-  
6 reach to and services for such taxpayers,

7           “(ii) demonstrating taxpayer outreach  
8 and educational activities relating to eligi-  
9 bility and availability of income supports  
10 available through the Internal Revenue  
11 Code of 1986, such as the earned income  
12 tax credit, and

13           “(iii) demonstrating specific outreach  
14 and focus on one or more underserved pop-  
15 ulations.

16           “(D) DURATION OF GRANTS.—Upon appli-  
17 cation of a qualified return preparation pro-  
18 gram, the Secretary is authorized to award a  
19 multi-year grant not to exceed 3 years.

20           “(3) AGGREGATE LIMITATION.—Unless other-  
21 wise provided by specific appropriation, the Sec-  
22 retary shall not allocate more than \$30,000,000 per  
23 fiscal year (exclusive of costs of administering the  
24 program) to carry out the purposes of this section.

25           “(b) USE OF FUNDS.—

1           “(1) IN GENERAL.—Qualified return prepara-  
2           tion programs receiving a grant under this section  
3           may use the grant for—

4                   “(A) ordinary and necessary costs associ-  
5                   ated with program operation in accordance with  
6                   Cost Principles Circulars as set forth by the Of-  
7                   fice of Management and Budget, including—

8                           “(i) for wages or salaries of persons  
9                           coordinating the activities of the program,

10                           “(ii) to develop training materials,  
11                           conduct training, and perform quality re-  
12                           views of the returns for which assistance  
13                           has been provided under the program, and

14                           “(iii) for equipment purchases and ve-  
15                           hicle-related expenses associated with re-  
16                           mote or rural tax preparation services,

17                   “(B) outreach and educational activities  
18                   described in subsection (a)(2)(C)(ii), and

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

23           “(2) USE OF GRANTS FOR OVERHEAD EX-  
24           PENSES PROHIBITED.—No grant made under this  
25           section may be used for overhead expenses that are

1 not directly related to any qualified return prepara-  
2 tion program.

3 “(c) PROMOTION AND REFERRAL.—

4 “(1) PROMOTION.—The Secretary shall pro-  
5 mote the benefits of, and encourage the use of, tax  
6 preparation through qualified return preparation  
7 programs through the use of mass communications,  
8 referrals, and other means.

9 “(2) INTERNAL REVENUE SERVICE REFER-  
10 RALS.—The Secretary may refer taxpayers to quali-  
11 fied return preparation programs receiving funding  
12 under this section.

13 “(3) VITA GRANTEE REFERRAL.—Qualified re-  
14 turn preparation programs receiving a grant under  
15 this section are encouraged to refer, as appropriate,  
16 to local or regional Low Income Taxpayer Clinics in-  
17 dividuals who are eligible to receive services at such  
18 clinics.

19 “(d) DEFINITIONS.—For purposes of this section—

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

23 “(A) which provides assistance to individ-  
24 uals, not less than 90 percent of whom are low-

1 income taxpayers, in preparing and filing Fed-  
2 eral income tax returns,

3 “(B) which is administered by a qualified  
4 entity,

5 “(C) in which all of the volunteers who as-  
6 sist in the preparation of Federal income tax  
7 returns meet the training requirements pre-  
8 scribed by the Secretary, and

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

11 “(2) QUALIFIED ENTITY.—

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

14 “(i) is an eligible organization (as de-  
15 scribed in subparagraph (B)),

16 “(ii) is in compliance with Federal tax  
17 filing and payment requirements,

18 “(iii) is not debarred or suspended  
19 from Federal contracts, grants, or coopera-  
20 tive agreements, and

21 “(iv) agrees to provide documentation  
22 to substantiate any matching funds pro-  
23 vided under the VITA grant program.

24 “(B) ELIGIBLE ORGANIZATION.—

1           “(i) IN GENERAL.—Subject to clause  
2           (ii), the term ‘eligible organization’  
3           means—

4                   “(I) an institution of higher edu-  
5                   cation which is described in section  
6                   102 (other than subsection (a)(1)(C)  
7                   thereof) of the Higher Education Act  
8                   of 1965 (20 U.S.C. 1088), as in effect  
9                   on the date of the enactment of this  
10                  section, and which has not been dis-  
11                  qualified from participating in a pro-  
12                  gram under title IV of such Act,

13                   “(II) an organization described  
14                   in section 501(c) of the Internal Rev-  
15                   enue Code of 1986 and exempt from  
16                   tax under section 501(a) of such  
17                   Code,

18                   “(III) a local government agency,  
19                  including—

20                           “(aa) a county or municipal  
21                           government agency, and

22                           “(bb) an Indian tribe, as de-  
23                           fined in section 4(13) of the Na-  
24                           tive American Housing Assist-  
25                           ance and Self-Determination Act

1 of 1996 (25 U.S.C. 4103(13)),  
2 including any tribally designated  
3 housing entity (as defined in sec-  
4 tion 4(22) of such Act (25  
5 U.S.C. 4103(22))), tribal sub-  
6 sidiary, subdivision, or other  
7 wholly owned tribal entity, or

8 “(IV) a local, State, regional, or  
9 national coalition (with one lead orga-  
10 nization which meets the eligibility re-  
11 quirements of subclause (I), (II), or  
12 (III) acting as the applicant organiza-  
13 tion).

14 “(ii) ALTERNATIVE ELIGIBLE ORGANI-  
15 ZATION.—If no eligible organization de-  
16 scribed in clause (i) is available to assist  
17 the targeted population or community, the  
18 term ‘eligible organization’ shall include—

19 “(I) a State government agency,  
20 and

21 “(II) a Cooperative Extension  
22 Service office.

23 “(3) LOW-INCOME TAXPAYERS.—The term ‘low-  
24 income taxpayer’ means a taxpayer who has income  
25 for the taxable year which does not exceed an

1 amount equal to the completed phaseout amount  
2 under section 32(b) for a married couple filing a  
3 joint return with three or more qualifying children,  
4 as determined in a revenue procedure or other pub-  
5 lished guidance.

6 “(4) **UNDERSERVED POPULATION.**—The term  
7 ‘underserved population’ includes populations of per-  
8 sons with disabilities, persons with limited English  
9 proficiency, Native Americans, individuals living in  
10 rural areas, members of the Armed Forces and their  
11 spouses, and the elderly.”.

12 (b) **CLERICAL AMENDMENT.**—The table of sections  
13 for chapter 77 of the Internal Revenue Code of 1986 is  
14 amended by inserting after the item relating to section  
15 7526 the following new item:

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

16 **SEC. 4. SENSE OF THE HOUSE OF REPRESENTATIVES.**

17 It is the sense of the House of Representatives that  
18 the costs of carrying out this Act and the amendments  
19 made by this Act should be fully offset through—

20 (1) the repeal of Public Law 115–97, with the  
21 exception of any provisions or amendments under  
22 such Public Law that provide relief to taxpayers  
23 with less than \$100,000 in annual income; and

24 (2) a fee, in such amount as is determined ap-  
25 propriate by the Secretary of the Treasury for pur-

1 poses of offsetting the costs of carrying out this Act  
2 and the amendments made by this Act, to be as-  
3 sessed on any financial institution that has total  
4 consolidated assets of more than \$50,000,000,000.

○