

115TH CONGRESS  
2D SESSION

# S. 3220

To establish the Refund to Rainy Day Savings Program.

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IN THE SENATE OF THE UNITED STATES

JULY 17, 2018

Mr. BOOKER (for himself, Ms. HEITKAMP, Mr. COTTON, and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To establish the Refund to Rainy Day Savings Program.

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 “Refund to Rainy Day  
5       Savings Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

8               (1) Approximately 140,000,000 households file  
9       tax returns each year with the Internal Revenue  
10       Service.

1           (2) For millions of Americans with low or mod-  
2           erate levels of income, their tax refund is the single  
3           largest source of income for the entire year.

4           (3) Financial insecurity extends far up the in-  
5           come spectrum, as too few Americans have sufficient  
6           financial savings, and 1 in every 3 Americans has no  
7           financial savings at all.

8           (4) 46 percent of American families do not have  
9           enough liquidity to pay for a \$400 “rainy day” ex-  
10          pense, and nearly half of Americans are liquid asset  
11          poor, with emergency savings that are too small to  
12          cover basic needs in the event of a surprise expense  
13          or reduction in income.

14 **SEC. 3. REFUND TO RAINY DAY SAVINGS PROGRAM.**

15          (a) IN GENERAL.—Not later than December 31,  
16 2018, the Secretary of the Treasury or the Secretary’s del-  
17 egate (referred to in this section as the “Secretary”) shall  
18 establish and implement a program (referred to in this  
19 section as the “Refund to Rainy Day Savings Program”)  
20 to allow participating taxpayers, pursuant to the require-  
21 ments established under this section, to defer payment on  
22 20 percent of the amount which would otherwise be re-  
23 funded to such taxpayer as an overpayment (as described  
24 in section 6401 of the Internal Revenue Code of 1986).

1 (b) PERIOD OF DEFERRAL.—Except as provided  
2 under subsection (c)(5), a participating taxpayer may elect  
3 to defer payment of the amount described in subsection  
4 (a) and have such amount deposited in the Rainy Day  
5 Fund (as described in subsection (c)).

6 (c) RAINY DAY FUND.—

7 (1) IN GENERAL.—The Secretary shall establish  
8 a fund, in such manner as the Secretary determines  
9 to be appropriate, to be known as the “Rainy Day  
10 Fund”, consisting of any amounts described in sub-  
11 section (a) on which payment has been deferred by  
12 participating taxpayers.

13 (2) INVESTMENT.—Any amounts deposited in  
14 the Rainy Day Fund shall be invested by the Sec-  
15 retary, in coordination with the Bureau of the Fiscal  
16 Service of the Department of the Treasury, in  
17 United States Treasury bills issued under chapter  
18 31 of title 31, United States Code, with maturities  
19 suitable for the needs of the Fund and selected so  
20 as to provide the highest return on investment for  
21 participating taxpayers.

22 (3) DISBURSEMENTS FROM FUND.—

23 (A) IN GENERAL.—On the date that is 180  
24 days after receipt of the individual income tax  
25 return of a participating taxpayer, the amounts

1 in the Rainy Day Fund shall be made available  
2 to the Secretary to distribute to such taxpayer  
3 in an amount equal to the amount deferred by  
4 such taxpayer under subsection (a) and any in-  
5 terest accrued on such amount (as determined  
6 under paragraph (4)).

7 (B) DISTRIBUTED TO BANK ACCOUNT.—  
8 The amounts described in subparagraph (A)  
9 shall be distributed to the bank account identi-  
10 fied by the participating taxpayer under sub-  
11 section (d)(3).

12 (4) INTEREST ACCRUED.—The amount of inter-  
13 est accrued on the amount deferred by a partici-  
14 pating taxpayer under subsection (a) shall be deter-  
15 mined by the Secretary, in coordination with the Bu-  
16 reau of the Fiscal Service of the Department of the  
17 Treasury, based upon the return on the investment  
18 of such amounts under paragraph (2).

19 (5) EARLY WITHDRAWAL.—

20 (A) IN GENERAL.—On any date during the  
21 period between the date which is 30 days after  
22 receipt by the Secretary of the individual in-  
23 come tax return of the participating taxpayer  
24 and October 15 of the applicable year, such tax-  
25 payer may elect to terminate the deferral of the

1 amount described under subsection (a) and re-  
2 ceive a distribution from the Rainy Day Fund  
3 equal to such amount and any interest which  
4 has accrued on such amount up to that date.

5 (B) COMPLETE WITHDRAWAL.—A partici-  
6 pating taxpayer making an election under sub-  
7 paragraph (A) must terminate deferral of the  
8 full amount described under subsection (a), and  
9 such amount shall be distributed to the bank  
10 account identified by the participating taxpayer  
11 under subsection (d)(3).

12 (d) PARTICIPATING TAXPAYER.—For purposes of  
13 this section, the term “participating taxpayer” means a  
14 taxpayer who—

15 (1) has not requested or received an extension  
16 of the time for payment of taxes for such taxable  
17 year under section 6161 of the Internal Revenue  
18 Code of 1986;

19 (2) prior to the due date for filing the return  
20 of tax for such taxable year, elects to participate in  
21 the Refund to Rainy Day Savings Program; and

22 (3) provides the Secretary with a bank account  
23 number and any other financial information deemed  
24 necessary by the Secretary for purposes of para-  
25 graphs (3)(B) and (5)(B) of subsection (c).

1 (e) FORMS.—The Secretary shall ensure that the  
2 election to defer payment of the amount described in sub-  
3 section (a) may be claimed on Forms 1040, 1040A, and  
4 1040EZ.

5 (f) IMPLEMENTATION.—

6 (1) EDUCATIONAL MATERIALS AND OUT-  
7 REACH.—The Secretary shall—

8 (A) design educational materials for tax-  
9 payers regarding financial savings and the Re-  
10 fund to Rainy Day Savings Program;

11 (B) publicly disseminate and distribute  
12 such materials during the first calendar quarter  
13 of each calendar year and following disburse-  
14 ment of amounts described in subsection (c)(3);  
15 and

16 (C) engage in outreach regarding the Re-  
17 fund to Rainy Day Savings Program to the Vol-  
18 unteer Income Tax Assistance program and  
19 paid tax preparers.

20 (2) INFORMATION FOR PARTICIPATING TAX-  
21 PAYERS.—The Secretary shall ensure that a partici-  
22 pating taxpayer is able to electronically verify the  
23 status of the amount deferred by such taxpayer  
24 under subsection (a), including any interest accrued  
25 on such amount and the status of any distribution.

1           (3) **FEDERALLY FUNDED BENEFITS.**—Any  
2 amounts described in subsection (a) which are dis-  
3 tributed to a participating taxpayer, including any  
4 interest accrued on such amount, shall be treated in  
5 the same manner as any refund made to such tax-  
6 payer under section 32 of the Internal Revenue Code  
7 of 1986 for purposes of determining the eligibility of  
8 such taxpayer for benefits or assistance, or the  
9 amount or extent of benefits or assistance, under  
10 any Federal program or under any State or local  
11 program financed in whole or in part with Federal  
12 funds.

13 **SEC. 4. ASSETS FOR INDEPENDENCE INNOVATION DEM-**  
14 **ONSTRATION PROJECTS.**

15           (a) **REAUTHORIZATION.**—The Assets for Independ-  
16 ence Act (42 U.S.C. 604 note) is amended—

17           (1) in section 416, by inserting “, and, subject  
18 to section 417, \$25,000,000 for each of fiscal years  
19 2019, 2020, 2021, 2022, and 2023, to remain avail-  
20 able until expended.”; and

21           (2) by adding at the end the following new sec-  
22 tion:

23 **“SEC. 417. RESERVATION OF FUNDS.**

24           “(a) **IN GENERAL.**—Subject to subsections (b) and  
25 (c), from the funds appropriated for each of fiscal years

1 2019, 2020, 2021, 2022, and 2023 under section 416, the  
2 Secretary shall reserve—

3 “(1) \$3,000,000 for general research and eval-  
4 uation; and

5 “(2) any amounts remaining after application  
6 of paragraph (1) to fund AFI innovation demonstra-  
7 tion projects under section 418.

8 “(b) PILOT PROGRAM FUNDING.—From the amounts  
9 reserved under subsection (a) for each of fiscal years  
10 2019, 2020, and 2021, the Secretary shall make available  
11 for operating the pilot program established under section  
12 5 of the Refund to Rainy Day Savings Act—

13 “(1) 50 percent of the amount reserved for the  
14 relevant fiscal year under paragraph (1) of sub-  
15 section (a) (after any adjustment under subsection  
16 (c)); and

17 “(2) 25 percent of the amount reserved for the  
18 relevant fiscal year under paragraph (2) of sub-  
19 section (a) (after any adjustment under subsection  
20 (c)).

21 “(c) PROPORTIONAL ADJUSTMENT.—In any of fiscal  
22 years 2019, 2020, 2021, 2022, and 2023, if the amount  
23 appropriated for such fiscal year is greater or less than  
24 the amount authorized for such fiscal year under section  
25 416, the amounts reserved under subsection (a) shall be



1 increased or decreased for such fiscal year so that each  
 2 such amount bears the same proportion to the amount ap-  
 3 propriated as each of the amounts reserved under such  
 4 subsection bears to the amount authorized.”.

5 (b) ESTABLISHMENT OF INNOVATION PROGRAM.—  
 6 The Assets for Independence Act (42 U.S.C. 604 note),  
 7 as amended by subsection (a), is further amended by add-  
 8 ing at the end the following new section:

9 **“SEC. 418. AFI INNOVATION PROJECTS.**

10 “(a) IN GENERAL.—The Secretary is authorized to  
 11 make grants to qualified entities to conduct AFI innova-  
 12 tion projects under this section.

13 “(b) DEFINITIONS.—For purposes of this section:

14 “(1) AFI INNOVATION PROJECT.—The term  
 15 ‘AFI innovation project’ means a demonstration  
 16 project carried out by a qualified entity under this  
 17 section.

18 “(2) INNOVATION DEVELOPMENT ACCOUNT.—  
 19 The term ‘innovation development account’ means  
 20 an account that is established in a federally insured  
 21 financial institution or a State insured financial in-  
 22 stitution and meets such other requirements as are  
 23 established by the Secretary.

24 “(c) APPLICATION.—

25 “(1) CRITERIA AND PREFERENCES.—

1           “(A) IN GENERAL.—Subject to subpara-  
2 graph (B), in considering an application to con-  
3 duct an AFI innovation project, the Secretary  
4 shall apply subsections (c) and (d) of section  
5 405 to the application in the same manner that  
6 such subsections apply to an application to con-  
7 duct a demonstration project under section 405.

8           “(B) MODIFICATION.—For purposes of  
9 this paragraph, paragraph (1) of section 405(c)  
10 shall be applied without regard to the phrase  
11 ‘through activities requiring one or more quali-  
12 fied expenses’.

13           “(2) APPROVAL OF AFI INNOVATION  
14 PROJECTS.—Not later than 12 months after the  
15 date of the enactment of this section, the Secretary  
16 shall, on a competitive basis, approve such applica-  
17 tions to conduct AFI innovation projects as the Sec-  
18 retary considers to be appropriate, taking into ac-  
19 count the considerations required by paragraph (1).  
20 The Secretary shall ensure, to the maximum extent  
21 practicable, that the applications that are approved  
22 involve a range of communities (both rural and  
23 urban) and diverse populations.

24           “(d) PROJECT DURATION AND GRANT AMOUNT.—

1           “(1) DURATION.—The Secretary shall award  
2 grants under this section for a period not to exceed  
3 5 project years.

4           “(2) GRANT AMOUNT.—For each project year  
5 of an AFI innovation project approved under this  
6 section, the Secretary may make a grant to the  
7 qualified entity authorized to conduct the project. In  
8 making such a grant, the Secretary shall make the  
9 grant on the first day of the project year in an  
10 amount not to exceed the lesser of—

11                   “(A) the aggregate amount of funds com-  
12 mitted as matching contributions from non-  
13 Federal public or private sector sources; or

14                   “(B) \$1,000,000.

15           “(e) ELIGIBILITY AND SELECTION OF INDIVIDUALS  
16 TO PARTICIPATE IN AN AFI INNOVATION PROJECT.—

17           “(1) ELIGIBILITY CRITERIA.—Subject to the  
18 approval of the Secretary, each qualified entity con-  
19 ducting an AFI innovation project shall establish eli-  
20 gibility requirements for participants in the project.  
21 Such requirements shall—

22                   “(A) be more expansive than the require-  
23 ments established under section 408; and

24                   “(B) ensure that eligibility is limited to  
25 low-income individuals.

1           “(2) SELECTION OF INDIVIDUALS TO PARTICI-  
2           PATE.—Each qualified entity conducting an AFI in-  
3           novation project shall select, from among the indi-  
4           viduals that meet the eligibility requirements estab-  
5           lished by the entity under paragraph (1), the indi-  
6           viduals—

7                   “(A) that the qualified entity determines to  
8                   be best suited to participate; and

9                   “(B) to whom the qualified entity will  
10                  make disbursements or deposits in accordance  
11                  with subsection (f).

12          “(f) DISBURSEMENTS BY QUALIFIED ENTITIES.—

13                  “(1) IN GENERAL.—Each qualified entity con-  
14                  ducting an AFI innovation project shall, in a man-  
15                  ner consistent with the program requirements estab-  
16                  lished by such entity, disburse to a third-party or de-  
17                  posit into the innovation development account of  
18                  each individual participating in the project from the  
19                  funds described in subsection (d)(2), a matching  
20                  contribution of not less than \$0.50 and not more  
21                  than \$8 for every \$1 deposited in the account by a  
22                  project participant.

23                  “(2) LIMITATION ON DISBURSEMENTS FOR AN  
24                  INDIVIDUAL.—Not more than \$5,000 from a grant  
25                  made under subsection (d)(1) shall be provided to

1 any one individual over the course of the AFI inno-  
2 vation project.

3 “(3) LIMITATION ON DISBURSEMENTS FOR A  
4 HOUSEHOLD.—Not more than \$10,000 from a grant  
5 made under subsection (d)(1) shall be provided to  
6 any one household over the course of the AFI inno-  
7 vation project.

8 “(4) ADJUSTMENT FOR INFLATION.—

9 “(A) IN GENERAL.—For each calendar  
10 year after 2018, the dollar amounts in para-  
11 graphs (2) and (3) shall be increased by an  
12 amount equal to the product of—

13 “(i) such dollar amount; and

14 “(ii) the cost-of-living adjustment de-  
15 termined under section 1(f)(3) for the cal-  
16 endar year, determined by substituting  
17 ‘calendar year 2017’ for ‘calendar year  
18 1992’ in subparagraph (B) thereof.

19 “(B) ROUNDING.—If any increase deter-  
20 mined under subparagraph (A) is not a multiple  
21 of \$50, such increase shall be rounded to the  
22 next lowest multiple of \$50.”.

23 (c) CONFORMING AMENDMENTS.—The Assets for  
24 Independence Act (42 U.S.C. 604 note), as amended by  
25 subsections (a) and (b), is further amended—

1 (1) in section 404(2), by inserting “or section  
2 418” before the period;

3 (2) in section 406—

4 (A) in subsection (a), by striking “to con-  
5 duct a demonstration project under this title”  
6 and inserting “under section 405”; and

7 (B) in subsection (b), by striking “con-  
8 ducted under this title” and inserting “ap-  
9 proved under section 405”;

10 (3) in section 407—

11 (A) in subsection (c)—

12 (i) in paragraph (1)—

13 (I) in subparagraph (A), by in-  
14 serting “or, in the case of a partici-  
15 pant in a project conducted under sec-  
16 tion 418, other permitted expenses”  
17 after “qualified expenses”; and

18 (II) in subparagraph (B), by in-  
19 serting “or subsection (f) of section  
20 418” after “section 410”; and

21 (ii) in paragraph (3), by inserting “or  
22 section 418(d)(1)”; and

23 (B) in subsection (d)(2)(A), by inserting  
24 “or section 418(d)(1)” after “section 406(b”;

1 (4) in section 408, by striking “conducted  
2 under this title” each place it appears and inserting  
3 “approved under section 405”;

4 (5) in section 409, by striking “conducted  
5 under this title” and inserting “approved under sec-  
6 tion 405”;

7 (6) in section 410, by striking “under this title”  
8 and inserting “conducting a demonstration project  
9 approved under section 405”;

10 (7) in section 413(a), by inserting “or section  
11 418(c)” after “under section 405”; and

12 (8) in section 415, by inserting “or innovation  
13 development account” after “individual development  
14 account”.

15 **SEC. 5. MATCHED REFUND TO RAINY DAY SAVINGS PILOT**  
16 **PROGRAM.**

17 (a) IN GENERAL.—Not later than 6 months after the  
18 date of the enactment of this Act and using the funds  
19 made available pursuant to section 417(b) of the Assets  
20 for Independence Act, the Secretary of Health and Human  
21 Services, acting through the Director of Community Serv-  
22 ices (in this section referred to as “the Secretary”), shall  
23 establish under this section a matched savings account  
24 pilot program to encourage saving by eligible individuals.  
25 Under the pilot program, a qualified entity may apply to

1 the Secretary for a grant to conduct a pilot project de-  
2 scribed in subsection (b) (in this section referred to as a  
3 “pilot project”). The pilot program shall operate for a pe-  
4 riod of 3 years.

5 (b) PILOT PROJECT DESCRIBED.—

6 (1) IN GENERAL.—A pilot project is a project  
7 in which a qualified entity establishes a matched  
8 savings program that meets the requirements of  
9 paragraph (2) for eligible individuals who are se-  
10 lected by the entity to participate in the program.

11 (2) REQUIREMENTS.—

12 (A) DEPOSITS INTO DIRECT DEPOSIT AC-  
13 COUNTS.—

14 (i) IN GENERAL.—A matched savings  
15 program established as part of a pilot  
16 project shall match amounts saved by each  
17 eligible individual participating in the pilot  
18 project, with such match amount to be  
19 equal to or less than the amount of any  
20 payment deferred by such individual under  
21 the Refund to Rainy Day Savings Program  
22 established in section 3(a).

23 (ii) TIMING.—Any amount described  
24 in clause (i) shall not be distributed to an  
25 eligible individual until the amounts de-



1 scribed in paragraphs (3)(B) or (5)(B) of  
2 section 3(c) have been distributed to the  
3 bank account identified by such individual.

4 (B) EVALUATION OF PROGRAM BY INDE-  
5 PENDENT RESEARCH ORGANIZATION.—

6 (i) IN GENERAL.—From amounts  
7 made available under section 417(b)(2) of  
8 the Assets for Independence Act, as added  
9 by section 4(a)(2) of this Act, the Sec-  
10 retary shall enter into a contract with an  
11 independent research organization for pur-  
12 poses of evaluating pilot projects conducted  
13 under this section.

14 (ii) COORDINATION.—Each qualified  
15 entity that establishes a matched savings  
16 program as part of a pilot project shall col-  
17 laborate with the independent research or-  
18 ganization described in clause (i) to evalu-  
19 ate the outcomes and impact of the  
20 project.

21 (iii) IMPACT ON DIFFERENT  
22 GROUPS.—The evaluation described in  
23 clause (i) shall include an examination of  
24 the demographic characteristics of the indi-  
25 viduals participating in the pilot project,

1           such as gender, race, age, geographic loca-  
2           tion, and family makeup, and how the im-  
3           pacts of the project vary among different  
4           demographic groups.

5           (iv) PROGRAM FEATURES.—The pro-  
6           gram features to be evaluated through the  
7           pilot projects conducted under this section  
8           may include—

9                   (I) different levels of matching  
10                   contributions by qualified entities;

11                   (II) lock-out periods during  
12                   which an eligible individual may not  
13                   make withdrawals from their account;  
14                   and

15                   (III) educational materials in-  
16                   tended to promote savings.

17           (3) DURATION.—A pilot project shall be for a  
18           duration of not more than 3 years.

19           (4) FEDERALLY FUNDED BENEFITS.—Any  
20           amounts described in paragraph (2)(A) which are  
21           distributed to an eligible individual shall be treated  
22           in the same manner as any refund made to such tax-  
23           payer under section 32 of the Internal Revenue Code  
24           of 1986 for purposes of determining the eligibility of  
25           such taxpayer for benefits or assistance, or the

1 amount or extent of benefits or assistance, under  
2 any Federal program or under any State or local  
3 program financed in whole or in part with Federal  
4 funds.

5 (c) STRATEGIC COMMUNICATIONS PLAN.—The Sec-  
6 retary shall devise a strategic communications plan to en-  
7 sure a strong pilot program.

8 (d) ANNUAL REPORT TO CONGRESS.—The Secretary  
9 shall submit an annual report to Congress on the progress  
10 and outcomes of the pilot program established under this  
11 section.

12 (e) DEFINITIONS.—In this section:

13 (1) ELIGIBLE INDIVIDUAL.—The term “eligible  
14 individual” means an individual who—

15 (A) has deferred payment of the amount  
16 described in section 3(a) under the Refund to  
17 Rainy Day Savings Program established in such  
18 section; and

19 (B) meets the eligibility requirements  
20 under section 408 of the Assets for Independ-  
21 ence Act, except that subsection (a)(2) of such  
22 section shall not apply.

23 (2) QUALIFIED ENTITY.—

24 (A) IN GENERAL.—The term “qualified en-  
25 tity” means—

1 (i) one or more not-for-profit organi-  
2 zations described in section 501(c)(3) of  
3 the Internal Revenue Code of 1986 and ex-  
4 empt from taxation under section 501(a)  
5 of such Code;

6 (ii) a State or local government agen-  
7 cy, or a tribal government, submitting an  
8 application to conduct a pilot project joint-  
9 ly with an organization described in clause  
10 (i);

11 (iii) a site that offers free tax help to  
12 individuals who qualify through the Inter-  
13 nal Revenue Service's Voluntary Income  
14 Tax Assistance or Tax Counseling for the  
15 Elderly programs; or

16 (iv) an entity that—

17 (I) is—

18 (aa) a credit union des-  
19 igned as a low-income credit  
20 union by the National Credit  
21 Union Administration; or

22 (bb) an organization des-  
23 igned as a community develop-  
24 ment financial institution by the  
25 Secretary of the Treasury (or the

1                   Community Development Finan-  
2                   cial Institutions Fund); and

3                   (II) can demonstrate a collabo-  
4                   rative relationship with a local com-  
5                   munity-based organization whose ac-  
6                   tivities are designed to address pov-  
7                   erty in the community and the needs  
8                   of community members for economic  
9                   independence and stability.

10                  (v) RULE OF CONSTRUCTION.—Noth-  
11                  ing in this paragraph shall be construed as  
12                  preventing an organization described in  
13                  subparagraph (A)(i) from collaborating  
14                  with a financial institution or for-profit  
15                  community development corporation to  
16                  carry out the purposes of this section.

○