

117TH CONGRESS
1ST SESSION

S. _____

To establish the Refund to Rainy Day Savings Program.

IN THE SENATE OF THE UNITED STATES

Mr. BOOKER (for himself and Mr. YOUNG) introduced the following bill; which
was read twice and referred to the Committee on _____

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 15,000,000 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) Forty percent of American families do not
9 have enough liquidity to pay for a \$400 “rainy day”
10 expense, and 40 percent of Americans are liquid
11 asset poor, with emergency savings that are too
12 small to cover basic needs in the event of a surprise
13 expense or reduction in income.

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

15 (a) IN GENERAL.—Not later than December 31,
16 2021, 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 2021, 2022, 2023, 2024, and 2025 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 2021, 2022, 2023, 2024, and 2025 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 2021, 2022, and 2023, 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 2021, 2022, 2023, 2024, and 2025, 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 2021, 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) of the In-
16 ternal Revenue Code of 1986 (as in effect
17 on December 1, 2017) for the calendar
18 year, determined by substituting ‘calendar
19 year 2019’ for ‘calendar year 1992’ in sub-
20 paragraph (B) thereof.

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

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

4 (1) in section 404(2), by inserting “or section
5 418” before the period;

6 (2) in section 406—

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

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

13 (3) in section 407—

14 (A) in subsection (c)—

15 (i) in paragraph (1)—

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

21 (II) in subparagraph (B), by in-
22 serting “or subsection (f) of section
23 418” after “section 410”; and

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

1 (B) in subsection (d)(2)(A), by inserting
2 “or section 418(d)(1)” after “section 406(b)”;
3 (4) in section 408, by striking “conducted
4 under this title” each place it appears and inserting
5 “approved under section 405”;
6 (5) in section 409, by striking “conducted
7 under this title” and inserting “approved under sec-
8 tion 405”;
9 (6) in section 410, by striking “under this title”
10 and inserting “conducting a demonstration project
11 approved under section 405”;
12 (7) in section 413(a), by inserting “or section
13 418(c)” after “under section 405”; and
14 (8) in section 415, by inserting “or innovation
15 development account” after “individual development
16 account”.

17 **SEC. 5. MATCHED REFUND TO RAINY DAY SAVINGS PILOT**
18 **PROGRAM.**

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

1 pilot program to encourage saving by eligible individuals.
2 Under the pilot program, a qualified entity may apply to
3 the Secretary for a grant to conduct a pilot project de-
4 scribed in subsection (b) (in this section referred to as a
5 “pilot project”). The pilot program shall operate for a pe-
6 riod of 3 years.

7 (b) PILOT PROJECT DESCRIBED.—

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

13 (2) REQUIREMENTS.—

14 (A) DEPOSITS INTO DIRECT DEPOSIT AC-
15 COUNTS.—

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

1 (ii) TIMING.—Any amount described
2 in clause (i) shall not be distributed to an
3 eligible individual until the amounts de-
4 scribed in paragraphs (3)(B) or (5)(B) of
5 section 3(c) have been distributed to the
6 bank account identified by such individual.

7 (B) EVALUATION OF PROGRAM BY INDE-
8 PENDENT RESEARCH ORGANIZATION.—

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

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

24 (iii) IMPACT ON DIFFERENT
25 GROUPS.—The evaluation described in

1 clause (i) shall include an examination of
2 the demographic characteristics of the indi-
3 viduals participating in the pilot project,
4 such as gender, race, age, geographic loca-
5 tion, and family makeup, and how the im-
6 pacts of the project vary among different
7 demographic groups.

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

12 (I) different levels of matching
13 contributions by qualified entities;

14 (II) lock-out periods during
15 which an eligible individual may not
16 make withdrawals from their account;
17 and

18 (III) educational materials in-
19 tended to promote savings.

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

22 (4) FEDERALLY FUNDED BENEFITS.—Any
23 amounts described in paragraph (2)(A) which are
24 distributed to an eligible individual shall be treated
25 in the same manner as any refund made to such tax-

1 payer under section 32 of the Internal Revenue Code
2 of 1986 for purposes of determining the eligibility of
3 such taxpayer for benefits or assistance, or the
4 amount or extent of benefits or assistance, under
5 any Federal program or under any State or local
6 program financed in whole or in part with Federal
7 funds.

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

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

15 (e) DEFINITIONS.—In this section:

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

18 (A) has deferred payment of the amount
19 described in section 3(a) under the Refund to
20 Rainy Day Savings Program established in such
21 section, and

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

1 (2) QUALIFIED ENTITY.—

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

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

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

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

19 (iv) an entity that—

20 (I) is—

21 (aa) a credit union des-
22 igned as a low-income credit
23 union by the National Credit
24 Union Administration; or

1 (bb) an organization des-
2 igned as a community develop-
3 ment financial institution by the
4 Secretary of the Treasury (or the
5 Community Development Finan-
6 cial Institutions Fund); and

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

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