

117TH CONGRESS
1ST SESSION

H. R. 4190

To impose anti-fraud requirements with respect to certain unemployment benefits authorized under the CARES Act, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2021

Mrs. STEEL (for herself, Mr. MCCARTHY, Mr. HARDER of California, Mr. LAMBORN, Mr. LAMALFA, Mr. NUNES, Mr. ISSA, Mr. GARCIA of California, Mr. CALVERT, Mr. MCCLINTOCK, and Mr. VAN DREW) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To impose anti-fraud requirements with respect to certain unemployment benefits authorized under the CARES Act, 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 “Pandemic Unemploy-
5 ment Assistance Fraud Protection Act”.

1 **TITLE I—TAXPAYER AND UNEM-**
2 **LOYED WORKER PROTEC-**
3 **TION**

4 **SEC. 101. STATE ANTI-FRAUD REQUIREMENTS.**

5 (a) IN GENERAL.—Section 2118 of the CARES Act
6 (15 U.S.C. 9034) is amended—

7 (1) in subsection (b)(3), by inserting “the devel-
8 opment and implementation of a recovery plan and
9 the establishment of an anti-fraud task force as de-
10 scribed in subsection (d) and” after “including”;

11 (2) by adding at the end the following:

12 “(d) ANTI-FRAUD REQUIREMENTS.—

13 “(1) IN GENERAL.—As a condition of receiving
14 a grant under subsection (b)(3), the Secretary of
15 Labor shall require that each State or territory re-
16 ceiving such a grant take the following actions:

17 “(A) RECOVERY PLAN.—Not later than 30
18 days after the date of enactment of this sub-
19 section, each such State or territory shall sub-
20 mit to the Secretary of Labor a plan to recover
21 all amounts of pandemic unemployment assist-
22 ance paid under section 2102 to individuals who
23 fraudulently obtained such assistance.

24 “(B) TASK FORCE.—Not later than 90
25 days after the date of enactment of this sub-

1 section, each such State or territory shall estab-
2 lish an anti-fraud task force to investigate and
3 recover amounts described in paragraph (1),
4 and to develop a strategy for the implementa-
5 tion of the plan described in such paragraph.
6 Such task force shall seek the cooperation of
7 relevant entities in the State or territory, in-
8 cluding local law enforcement, State law en-
9 forcement, and the State Office of the Inspector
10 General.

11 “(C) REPORTS BY STATE OR TERRI-
12 TORY.—

13 “(i) IN GENERAL.—At such times and
14 in such manner as the Secretary of Labor
15 may provide, each such State or territory
16 shall submit to the Secretary of Labor a
17 report specifying the ratio (expressed as a
18 percentage) of—

19 “(I) amounts described in para-
20 graph (1) that have not been recov-
21 ered as of the date of such report, to

22 “(II) the total amounts of pan-
23 demic unemployment assistance that
24 have been paid to individuals under

1 section 2102 by such State or terri-
2 tory.

3 “(ii) ENFORCEMENT.—In any case in
4 which the Secretary of Labor determines
5 that a State or territory has failed to sub-
6 mit any report under clause (i), section
7 1202(b)(10)(A) of the Social Security Act
8 shall not apply with respect to such State
9 or territory for any period after the date of
10 such failure.

11 “(2) REPORTS BY SECRETARY OF LABOR.—

12 “(A) RELATING TO STATE RECOVERY
13 PLANS.—Not later than 45 days after the date
14 of enactment of this subsection, the Secretary
15 of Labor, in consultation with the Secretary of
16 the Treasury, shall provide Congress with each
17 plan submitted under paragraph (1)(A) and
18 shall certify which such States and territories
19 have submitted such a plan.

20 “(B) RELATING TO STATE REPORTING.—

21 “(i) IN GENERAL.—For each month
22 beginning after the date of enactment of
23 this subsection and ending on or before the
24 termination date specified in clause (ii),
25 the Secretary of Labor shall submit to the

1 Committee on Ways and Means of the
2 House of Representatives and the Com-
3 mittee on Finance of the Senate a report
4 that includes, subject to clause (ii), the
5 percentage described in paragraph
6 (1)(C)(i) for each State or territory that
7 has received a grant under subsection
8 (b)(3).

9 “(ii) TERMINATION DATE.—The ter-
10 mination date specified in this clause is the
11 earlier of December 31, 2025, or, with re-
12 spect to each State or territory required to
13 submit reports under paragraph (1)(C),
14 the date of the first such report in which
15 the percentage specified in such report
16 does not exceed 5 percent.”.

17 (b) AUTHORIZATION OF FUNDS FOR FEDERAL LAW
18 ENFORCEMENT.—There are authorized to be appropriated
19 to the Attorney General \$50,000,000 for each of fiscal
20 years 2022 and 2023 for purposes of partnering with
21 State anti-fraud task forces and State and local law en-
22 forcement to implement section 2118(d) of the CARES
23 Act.

1 **SEC. 102. RECOVERY OF OVERPAYMENTS ATTRIBUTABLE**
2 **TO FRAUD.**

3 (a) RECOVERY OF OVERPAYMENTS BY THE TREAS-
4 URY.—

5 (1) IN GENERAL.—Section 2102(f)(3) of the
6 CARES Act (15 U.S.C. 9021(f)(3)) is amended by
7 adding at the end the following: “In any case in
8 which a State agency makes an overpayment of as-
9 sistance to any individual under an agreement under
10 this section, the State shall make restitution to the
11 Secretary for the amount of such overpayment.”.

12 (2) EFFECTIVE DATE.—The amendments made
13 by paragraph (1) shall take effect as if included in
14 the enactment of the CARES Act (Public Law 116–
15 136).

16 (b) PROCESSING FEE FOR UNRECOVERED OVERPAY-
17 MENTS ATTRIBUTABLE TO FRAUD.—

18 (1) IN GENERAL.—Section 3304(a) of the In-
19 ternal Revenue Code of 1986 is amended—

20 (A) in paragraph (4), by striking “and” at
21 the end of subparagraph (F), by inserting
22 “and” at the end of subparagraph (G), and by
23 adding at the end the following:

24 “(H) amounts may be withdrawn for the
25 payment of fees in accordance with paragraph
26 (19);”; and

1 (B) by striking “and” at the end of para-
2 graph (18), by redesignating paragraph (19) as
3 paragraph (20), and by inserting after para-
4 graph (18) the following:

5 “(19) in the case of any State that fails to re-
6 cover at least 75 percent of amounts of pandemic
7 unemployment assistance paid to individuals who
8 fraudulently obtained such assistance under section
9 2102 of the CARES Act prior to December 31,
10 2022, the payment of a processing fee to the Sec-
11 retary of the Treasury, for each withdrawal made
12 from the unemployment fund of the State, in a total
13 amount equal to the amounts of such assistance un-
14 recovered as of such date, to be amortized, as deter-
15 mined by the Secretary of Labor, over a 5-year pe-
16 riod beginning on January 1, 2023, except that in
17 no case may the method governing the computation
18 of regular compensation (as defined in section
19 205(2) of the Federal-State Extended Unemploy-
20 ment Compensation Act of 1970) under the State
21 law be modified in a manner such that the number
22 of weeks, or the average weekly benefit amount, of
23 regular compensation (as so defined) which will be
24 payable after any such withdrawal be less than the
25 number of weeks, or the average weekly benefit

amount, of the average weekly benefit amount of regular compensation (as so defined) which would otherwise have been payable at such time under the State law, as in effect on January 1, 2020; and”.

(2) CONFORMING AMENDMENT TO SOCIAL SECURITY ACT.—Section 303(a)(5) of the Social Security Act (42 U.S.C. 503(a)(5)) is amended by striking “; and” at the end and inserting “: *Provided further*; That amounts may be withdrawn for the payment of fees in accordance with paragraph (19) of section 3304(a) of the Internal Revenue Code of 1986”.

TITLE II—PAYMENTS FOR ENTITLED AMERICANS AND ANTI-FRAUD

SEC. 201. STATE CROSS-CHECK REQUIREMENTS.

(a) IN GENERAL.—Section 2102(f) of the CARES Act (15 U.S.C. 9021(f)) is amended by adding at the end the following:

“(4) COMPARING INFORMATION FOR FRAUD PREVENTION.—As a condition of any agreement under this section, a State shall—

“(A) enter into an agreement with the Attorney General under which the list of individuals receiving pandemic unemployment assist-

1 ance under this section shall be regularly com-
2 pared with a list of each prisoner in Federal
3 custody at a Federal correction facility within
4 that State;

5 “(B) establish a regular comparison of
6 such list of individuals with a list of each pris-
7 oner in the custody of that State at a correc-
8 tional facility in that State;

9 “(C) participate in the E-Verify Program
10 described in section 403 of the Illegal Immigra-
11 tion Reform and Immigrant Responsibility Act
12 of 1996 (division C of Public Law 104–208; 8
13 U.S.C. 1324a note) with respect to applicants
14 for pandemic unemployment assistance; and

15 “(D) use the results of the comparisons
16 and participation described in subparagraphs
17 (A), (B), and (C) to investigate and prosecute
18 fraud relating to pandemic unemployment as-
19 sistance under this section.”.

20 (b) EFFECTIVE DATE.—The amendment made by
21 subsection (a) shall apply with respect to pandemic unem-
22 ployment assistance paid under section 2102 of the
23 CARES Act on or after the date of enactment of this Act.

1 **SEC. 202. TEMPORARY ENHANCED PENALTIES FOR FRAUD**
2 **AND IDENTITY THEFT.**

3 Any violation of section 1341 or 1343 of title 18,
4 U.S.C., occurring in connection with an application for,
5 or continuing receipt of, pandemic unemployment assist-
6 ance under section 2102 of the CARES Act (15 U.S.C.
7 9021) during the period beginning on the date of enact-
8 ment of this Act and ending on December 31, 2021, shall
9 be treated, for purposes of the final sentence of section
10 1341 or 1343 of such title, as a violation of such section
11 1341 or 1343 in relation to a presidentially declared major
12 disaster or emergency.

13 **SEC. 203. PROTECTIONS RELATING TO TAX LIABILITY.**

14 (a) IN GENERAL.—Section 2118 of the CARES Act
15 (15 U.S.C. 9034), as amended by section 101(a), is fur-
16 ther amended—

17 (1) in subsection (b)(3), by striking the period
18 at the end and inserting “: *Provided*, That up to 10
19 percent of the amount made available under sub-
20 section (a) may be used, pursuant to a grant de-
21 scribed in this paragraph, for the establishment of
22 the fraud hotline and claim processing procedures
23 described in subsection (e).”; and

24 (2) by adding at the end the following:

25 “(e) PROTECTIONS RELATING TO TAX LIABILITY.—

1 “(1) IN GENERAL.—As a condition of receiving
2 a grant under subsection (b)(3), the Secretary of
3 Labor shall require that each State or territory re-
4 ceiving such a grant take the following actions, at
5 such times and in such manner as the Secretary of
6 Labor may provide:

7 “(A) FRAUD HOTLINE.—Each such State
8 or territory shall establish a fraud hotline de-
9 signed to encourage individuals who are the vic-
10 tims of unemployment fraud and who have re-
11 ceived an incorrect statement of unemployment
12 compensation furnished under section 6050B of
13 the Internal Revenue Code of 1986 for a cal-
14 endar year to report such fraud to the State or
15 territory.

16 “(B) PROCESSING OF CLAIMS.—Each such
17 State or territory shall—

18 “(i) maintain a database of all reports
19 made as described under paragraph (1);

20 “(ii) investigate and make a final de-
21 termination with respect to each such re-
22 port;

23 “(iii) notify the Commissioner of In-
24 ternal Revenue—

1 “(I) of each such report received
2 with respect to an individual for a cal-
3 endar year; and

4 “(II) of the final determination
5 made with respect to such report.

6 “(2) REPORT TO CONGRESS.—Not later than
7 90 days after the date of enactment of this sub-
8 section, the Secretary of Labor, in consultation with
9 the Secretary of the Treasury, shall submit a report
10 to Congress certifying whether each State or terri-
11 tory receiving a grant under subsection (b)(3) has
12 taken the actions described in paragraph (1).”.

13 (b) TIMELINESS OF TAX REFUNDS.—If the Commis-
14 sioner of Internal Revenue is notified by a State that an
15 individual has filed a report under section 2118(e) of the
16 CARES Act with respect to an incorrect statement of un-
17 employment compensation furnished under section 6050B
18 of the Internal Revenue Code of 1986—

19 (1) the Commissioner shall not delay making
20 any refund with respect to a return of tax by such
21 individual solely on account of a difference between
22 the amount of unemployment compensation included
23 on such return and furnished on such statement;
24 and

1 (2) except as otherwise provided in section 6851
2 or 6861 of such Code, no assessment of any portion
3 of a deficiency that is attributable to such any dif-
4 ference may be made,
5 unless such delay or assessment is based on the final de-
6 termination made by the State with respect to such report.

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