

119TH CONGRESS
2D SESSION

S. 4024

To strengthen oversight, accountability, and recovery of Federal funds administered through State block grants and other pass-through mechanisms, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 2026

Mr. SCOTT of Florida introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To strengthen oversight, accountability, and recovery of Federal funds administered through State block grants and other pass-through mechanisms, 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 “Federal Taxpayer
5 Funds Protection and Clawback Act”.

6 **SEC. 2. FALSE CLAIMS ACT AMENDMENTS.**

7 (a) CLARIFICATION OF THE DEFINITION OF
8 CLAIM.—Section 3729 of title 31, United States Code is
9 amended by adding at the end the following:

1 “(e) RULE OF CONSTRUCTION.—A claim under this
 2 section includes any request or demand for money or prop-
 3 erty in which the money or property originates, in whole
 4 or in part, from funds appropriated or otherwise provided
 5 by the United States, including grant award funds distrib-
 6 uted through a State, local government, or other inter-
 7 mediary.”.

8 (b) STATE FINANCIAL LIABILITY INVOLVING FED-
 9 ERAL PASS-THROUGH FUNDS.—Section 3729(b) of title
 10 31, United States Code, is amended—

11 (1) in paragraph (3), by striking “; and” and
 12 inserting a semicolon;

13 (2) in paragraph (4), by striking the period and
 14 inserting “; and”; and

15 (3) by adding at the end the following:

16 “(5) the term ‘person’—

17 “(A) except as provided in subparagraph
 18 (B), has the meaning given in that term in sec-
 19 tion 1 of title 1, United States Code; and

20 “(B) with respect to an action initiated by
 21 the Attorney General, includes a State or local
 22 government (or subdivision of a State).”.

23 (c) MANDATORY ACCELERATED CLAWBACK.—

1 (1) IN GENERAL.—Subchapter III of chapter
 2 37 of title 31, United States Code, is amended by
 3 inserting after section 3730 the following:

4 **“SEC. 3730A. MANDATORY INTERIM RECOVERY OF FED-**
 5 **ERAL FUNDS.**

6 “(a) REMITTANCE REQUIRED.—

7 “(1) IN GENERAL.—Not later than 180 days
 8 after written notice from the Attorney General or
 9 Inspector General with respect to the Attorney Gen-
 10 eral initiating a civil action or intervening in a qui
 11 tam action under section 3730 involving Federal
 12 funds administered by a State or State agency, the
 13 State or State agency shall remit to the Treasury of
 14 the United States an amount equal to 100 percent
 15 of the amount of the Federal funds at issue in the
 16 civil action or qui tam action.

17 “(2) ESCROW.—Any funds remitted under
 18 paragraph (1) shall be held in an escrow account
 19 until a final judgment or settlement is made and the
 20 time for appeal has expired or any appeal has termi-
 21 nated.

22 “(b) DISPOSITION OF ESCROW FUNDS.—A remit-
 23 tance held in escrow under subsection (a) shall be—

1 “(1) returned to the general fund for the pur-
 2 poses of deficit reduction if the government prevails
 3 in the action or settles the claim; or

4 “(2) returned to the State or State agency if
 5 the action results in dismissal or a final judgment in
 6 favor of the defendant.

7 “(c) NO PREJUDGMENT.—No remittance under sub-
 8 section (a) shall be construed as an admission of liability
 9 or guilt or have any other bearing on the civil action or
 10 its outcome.

11 “(d) MANDATORY.—The remittance obligation under
 12 subsection (a) is mandatory and cannot be waived except
 13 by Act of Congress.”.

14 (2) CLERICAL AMENDMENT.—The table of sec-
 15 tions for subchapter III of chapter 37 of title 31,
 16 United States Code, is amended by inserting after
 17 the item for section 3730 the following:

 “3730A. Mandatory interim recovery of Federal funds.”.

18 **SEC. 3. CERTIFICATION OF INSPECTION AND ACCESS AU-**
 19 **THORITY.**

20 As a condition of receiving Federal funds, each State
 21 shall certify that it agrees to abide by all applicable re-
 22 quirements relating to inspections, audits, record keeping,
 23 and data sharing for Federal awards under the applicable
 24 Federal laws and regulations, including the requirements
 25 of part 200 of title 2, Code of Federal Regulations (com-

1 monly referred to as the “Uniform Administrative Re-
 2 quirements, Cost Principles, and Audit Requirements for
 3 Federal Awards”).

4 **SEC. 4. DEFAULT REMEDIES FOR NONCOMPLIANCE.**

5 (a) IN GENERAL.—Unless otherwise specified in a
 6 Federal statute, a Federal agency or pass-through entity
 7 may implement specific conditions under section 200.208
 8 of title 2, Code of Federal Regulations (or successor regu-
 9 lation), if the recipient or subrecipient fails to comply with
 10 the Constitution of the United States, Federal law, regula-
 11 tions, or terms and conditions of the Federal award.

12 (b) DEFAULT REMEDIES.—Unless otherwise speci-
 13 fied in a Federal statute, if a Federal agency or pass-
 14 through entity determines that noncompliance cannot be
 15 remedied by imposing specific conditions under subsection
 16 (a), the Federal agency or pass-through entity may take
 17 1 or more of the following actions:

18 (1) Temporarily withhold payments until the re-
 19 cipient or subrecipient takes corrective action.

20 (2) Disallow costs for all or part of the activity
 21 associated with the noncompliance of the recipient or
 22 subrecipient.

23 (3) Suspend or terminate the Federal award in
 24 part or in its entirety.

1 (4) Initiate suspension or debarment pro-
 2 ceedings as authorized under part 180 of title 2,
 3 Code of Federal Regulations (or successor regula-
 4 tion), and the Federal agency's regulations, or for
 5 pass-through entities, recommend suspension or de-
 6 barment proceedings be initiated by the Federal
 7 agency.

8 (5) Withhold further Federal funds (including
 9 new awards or continuation of funding) for the
 10 project or program or the recipient or subrecipient.

11 (6) Pursue other legally available remedies.

12 **SEC. 5. EMPLOYMENT LAW VIOLATIONS.**

13 (a) MANDATORY RECOUPMENT.—If any recipient or
 14 subrecipient of Federal funds is found, by final agency de-
 15 termination or court judgment, to have violated section
 16 274A of the Immigration and Nationality Act (8 U.S.C.
 17 1324a), all Federal funds provided to such recipient or
 18 subrecipient, directly or indirectly, shall be immediately re-
 19 couped by the United States under section 3702 of title
 20 31, United States Code.

21 (b) PERMANENT INELIGIBILITY.—After notice and a
 22 hearing, an entity subject to recoupment under subsection
 23 (a) may be permanently ineligible to receive Federal funds.

24 **SEC. 6. RULE OF CONSTRUCTION.**

25 Nothing in this Act shall be construed to limit—

- 1 (1) criminal prosecution under any provision of
2 Federal or State law; or
3 (2) the authority of the United States to pursue
4 additional civil or administrative remedies.

5 **SEC. 7. EFFECTIVE DATE.**

6 This Act, and the amendments made by this Act,
7 shall take effect 180 days after the date of enactment of
8 this Act.

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