

RETURNING ERRONEOUS COVID LOANS ADDRESSING
ILLEGAL AND MISAPPROPRIATED TAXPAYER FUNDS ACT

SEPTEMBER 1, 2023.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. WILLIAMS of Texas, from the Committee on Small Business,
submitted the following

R E P O R T

[To accompany H.R. 4667]

The Committee on Small Business, to whom was referred the bill (H.R. 4667) to require the Administrator of the Small Business Administration to issue guidance and rules for lenders and the Small Business Administration on handling amounts of Paycheck Protection Loans returned by borrowers, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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I. PURPOSE AND BILL SUMMARY

H.R. 4667 was introduced by Rep. Maria Salazar (R-FL) and Rep. Morgan McGarvey (D-KY) on July 17, 2023. The purpose of

H.R. 4667, the “RECLAIM Taxpayer Funds Act,” is to require the Small Business Administration (SBA) to establish processes and procedures to accept, process, and account for fraudulent and unused Paycheck Protection Program (PPP) loan funds.

II. NEED FOR LEGISLATION

H.R. 4667 enacts recommendations made by the SBA Office of the Inspector General (OIG) that the SBA establish processes and procedures to accept, process, and account for potentially fraudulent and unused PPP loan funds.

In fiscal year (FY) 2022, the OIG found that the SBA did not provide comprehensive fraud guidance to lenders. In addition, the OIG received numerous inquiries regarding how to handle potentially fraudulent PPP loans that ultimately went unanswered.¹ Since then, the OIG found that the SBA’s guidance to borrowers and lenders on returning PPP funds is insufficient, as it does not cover how funds can be returned at the time of forgiveness, nor does the SBA have specific guidance for financial institutions that need to return deposits related to PPP funds.² This bill remedies the lack of official guidance for borrowers or lenders of PPP loans to return PPP funds to the government.³

III. HEARINGS

In the 118th Congress, the Committee held one hearing examining the issues covered in H.R. 4667. On July 13, 2023, during the Full Committee hearing, “Stolen Taxpayer Funds: Reviewing the SBA and OIG Reports of Fraud in Pandemic Lending Programs,” the Inspector General testified that of the \$1.2 trillion in COVID-19 Economic Injury Disaster Loans (EIDL) and PPP loans that were disbursed, it is estimated that \$200 billion—or 17 percent—were fraudulent.

IV. COMMITTEE CONSIDERATION

The Committee on Small Business met in open session, with a quorum being present, on July 18, 2023, and ordered H.R. 4667 reported to the House of Representatives. During the markup, no amendments were offered.

V. COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto. The Committee voted to favorably report H.R. 4667 to the House of Representatives at 11:53 AM.

¹ U.S. SMALL BUS. ADMIN. OFFICE OF INSPECTOR GEN., REPORT 23-08, SERIOUS CONCERNS REGARDING THE RETURN OF PAYCHECK PROTECTION PROGRAM FUNDS (MAY 31, 2023).

² *Id.*

³ *Id.*

118th Congress House Committee on Small Business Vote Record

Date:
Convened:

Bill: 4667

Adjourned:

Republicans	Aye	Nay	Present
Mr. Luetkemeyer (MO-03)	✓		
Mr. Stauber (MN-08)	✓		
Mr. Meuser (PA-09)	✓		
Ms. Van Duyne (TX-24)	✓		
Ms. Salazar (FL-27)	✓		
Mr. Mann (KS-01)	✓		
Mr. Ellzey (TX-06)	✓		
Mr. Molinaro (NY-19)	✓		
Mr. Alford (MO-04)	✓		
Mr. Crane (AZ-02)	✓		
Mr. Bean (FL-04)	✓		
Mr. Hunt (TX-38)	✓		
Mr. (La-Low-ta) Lalota (NY-01)	✓		
Chairman Williams (TX-25)	/		
TOTALS:			

Mr. Chairman _____ Votes _____

Mr. Chairman _____ Off _____, Votes _____

Mr. Chairman on that vote 26 Ayes 0 Nays and 0 Present

118th Congress House Committee on Small Business Vote Record

Date:

Bill:

Democrats	Aye	Nay	Present
Mr. Golden (ME-02)	✓		
Mr. M-fume (MD-07)	✓		
Mr. Phillips (MN-03)	✓		
Mr. Landsman (OH-01)	✓		
Mr. Mc-Gar-vey (KY-03)	✓		
Ms. Glue-sen-kamp Perez (WA-03)	✓		
Ms. (Skull- ton) Scholten (MI-03)	✓		
Mr. (Tan-a-dar) Thanedar (MI-13)	✓		
Ms. (Chew) Chu (CA-28)	✓		
Ms. Davids (KS-03)	✓		
Mr. Pappas (NH-01)	✓		
Ranking Member Nydia Velazquez (NY-07)	✓		
TOTALS:			

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VI. SECTION-BY-SECTION OF H.R. 4667

Section 1. Short title

This Act may be cited as the “Returning Erroneous COVID Loans Addressing Illegal and Misappropriated Taxpayer Funds Act” or the “RECLAIM Taxpayer Funds Act”.

Section 2. Paycheck protection loan return guidance

This section requires that the SBA issue guidance for borrowers and lenders returning any unused amounts of PPP loans. The guidance must include processes and procedures for how unused amounts of PPP loans should be returned from the borrower to the lender, and then from the lender to the SBA. This section also requires the SBA guidance to detail the responsibilities of the lenders and financial institutions to accept and document the return of any unused amounts of PPP loans, as well as a reminder that any lenders and borrowers must comply with the statutory requirement to report any information indicating the occurrence of fraud with the SBA OIG.

Section 3. Returns handling process

This section requires that the SBA establish guidance on how the SBA will accept unused amounts of PPP loans, and mandates that such funds be returned to the Department of Treasury. This section also requires the SBA to establish guidance on a process to track the returned amounts of PPP loans to mitigate the risk of financial loss to the Federal Government.

Section 4. Definitions

This section defines the terms “Administration,” “Administrator,” and “PPP Loan.”

Section 5. Compliance with CUTGO

This section does not authorize any additional appropriations for this bill.

VII. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(d)(1) of House rule XIII, the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974. The Committee has requested but not received from the Director of the Congressional Budget Office a cost estimate for the Committee’s provisions. Once available, the cost estimate will be published in the Congressional Record.

VIII. NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(I) of the Congressional Budget Act of 1974, the Committee provides the following opinion and estimate with respect to new budget authority, entitlement authority, and tax expenditures. While the Committee has not received an estimate of new budget authority contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to Sec. 402 of the Congressional Budget Act of 1974, the Com-

mittee does not believe that there will be any additional costs attributable to this legislation. H.R. 4667 does not direct new spending, and instead establishes processes to track, collect, and return fraudulent and unused PPP loans to the Federal Government.

IX. OVERSIGHT FINDINGS AND RECOMMENDATIONS

In accordance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the oversight findings and recommendations of the Committee on Small Business with respect to the subject matter contained in the H.R. 4667 are incorporated into the descriptive portions of this report.

X. PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of H.R. 4667 are to require the SBA to incorporate the recommendations provided in the Inspector General Report 23-08, *Serious Concerns Regarding the Return of Paycheck Protection Program Funds*, which request action by the SBA to ensure it has processes and procedures in place to adequately accept, process, and account for PPP funds returned by borrowers, lenders, and financial institutions.⁴

XI. STATEMENT OF DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, no provision of H.R. 4667 is known to be duplicative of another Federal program, including any program that was included in a report to Congress pursuant to section 21 of Public Law 111-139 or the most recent Catalog of Federal Domestic Assistance.

XII. CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee finds that the bill does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI of the Rules of the House of Representatives.

XIII. FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

XIV. FEDERAL ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

XV. APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or

⁴*Id.*

accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

XVI. STATEMENT OF CONSTITUTIONAL AUTHORITY

Pursuant to clause 7 of Rule XII of the Rules of the House, the Committee finds that the authority for this legislation in Art. I, § 8, cl.1 of the Constitution of the United States.

