

117TH CONGRESS  
1ST SESSION

# S. 2782

To address recommendations made to Congress by the Government Accountability Office and detailed in the annual duplication report, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 21, 2021

Ms. HASSAN (for herself and Mr. PAUL) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## A BILL

To address recommendations made to Congress by the Government Accountability Office and detailed in the annual duplication report, 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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Acting on the Annual Duplication Report Act of 2021”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings; sense of Congress.

## TITLE I—DEPARTMENT OF DEFENSE

- Sec. 101. Enhancing Federal revenue through reviewing and reporting on use and management of administrative surcharges under foreign military sales program.
- Sec. 102. Modification of calculation of military housing contractor pay for privatized military housing.

## TITLE II—DEPARTMENT OF EDUCATION

- Sec. 201. Maximizing effective use and recoupment of Federal student loans by closing the forbearance loophole and amending default rates.

## TITLE III—DEPARTMENT OF ENERGY

- Sec. 301. Increasing Federal revenue by reviewing and reporting on optimal size of Strategic Petroleum Reserve.

## TITLE IV—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- Sec. 401. Optimizing revenue intake and saving taxpayer dollars at Ginnie Mae by assessing current practices and exploring alternative governance structures to provide better oversight.

## TITLE V—DEPARTMENT OF THE TREASURY

- Sec. 501. Saving Federal funds by authorizing changes to the composition of circulating coins.
- Sec. 502. Reducing the resource drain by requiring that electronically prepared paper returns include scannable code.
- Sec. 503. Protecting the security of taxpayer information held by third-party providers by improving coordination and establishing minimum security requirements to reduce fragmentation.

**1 SEC. 2. FINDINGS; SENSE OF CONGRESS.**

2 (a) FINDINGS.—Congress makes the following find-  
3 ings:

4 (1) The annual reports prepared by the Comp-  
5 troller General of the United States under section 21  
6 of the Joint Resolution entitled “Joint Resolution  
7 increasing the statutory limit on the public debt”,  
8 approved February 12, 2010 (31 U.S.C. 712 note;  
9 Public Law 111–139), have produced approximately

1 \$429,000,000,000 in financial benefits for the Fed-  
2 eral Government.

3 (2) 2021 marks the 100-year anniversary of the  
4 creation of the Government Accountability Office  
5 and its contributions to improving the management  
6 and fiscal responsibility of the Federal Government.

7 (3) The 2021 report entitled “Additional Op-  
8 portunities to Reduce Fragmentation, Overlap, and  
9 Duplication and Achieve Billions in Financial Bene-  
10 fits” (GAO–21–455SP) identified 112 new actions  
11 that Congress or the executive branch can take to  
12 improve efficiency and effectiveness across the Fed-  
13 eral Government, and potentially to save tens of bil-  
14 lions of dollars.

15 (4) Those financial benefits cannot be realized  
16 without full implementation of the actions and rec-  
17 ommendations set forth by the Comptroller General  
18 of the United States.

19 (5) Of the 112 new actions, one requires legis-  
20 lation to be fully implemented, and it concerns ad-  
21 justing the rate calculation for paying military hous-  
22 ing contractors.

23 (b) SENSE OF CONGRESS.—It is the sense of Con-  
24 gress that—

1 (1) it is the responsibility of Congress and the  
2 executive branch to take action to implement rec-  
3 ommendations made in the annual reports of the  
4 Government Accountability Office on reducing dupli-  
5 cation in Federal programs to be good stewards of  
6 taxpayer dollars;

7 (2) legislation and adequate resources are need-  
8 ed to ensure that all potential financial benefits are  
9 realized from the implementation of those rec-  
10 ommendations; and

11 (3) while some recommendations for congres-  
12 sional action from previous reports have been re-  
13 solved, Congress must continue to pursue the rec-  
14 ommendations that have gone unaddressed in addi-  
15 tion to the new recommendation for action presented  
16 in the 2021 report.

17 **TITLE I—DEPARTMENT OF**  
18 **DEFENSE**

19 **SEC. 101. ENHANCING FEDERAL REVENUE THROUGH RE-**  
20 **VIEWING AND REPORTING ON USE AND MAN-**  
21 **AGEMENT OF ADMINISTRATIVE SURCHARGES**  
22 **UNDER FOREIGN MILITARY SALES PROGRAM.**

23 (a) FOREIGN MILITARY SALES PROGRAM DE-  
24 FINED.—In this section, the term “foreign military sales  
25 program” means the program authorized under chapter

1 2 of the Arms Export Control Act (22 U.S.C. 2761 et  
2 seq.).

3 (b) REVIEW.—

4 (1) IN GENERAL.—The Secretary of Defense,  
5 acting through the Director of the Defense Security  
6 Cooperation Agency, shall review options for expand-  
7 ing the use of administrative surcharges under the  
8 foreign military sales program, including practices  
9 for managing administrative surcharges and con-  
10 tract administration services surcharges.

11 (2) MATTERS TO BE INCLUDED.—The review  
12 conducted under paragraph (1) shall include the fol-  
13 lowing:

14 (A) A determination of which specific ex-  
15 penses are incurred by the United States Gov-  
16 ernment in operation of the foreign military  
17 sales program that the administrative surcharge  
18 does not pay for as of the date of the enact-  
19 ment of this Act.

20 (B) The estimated annual cost of each of  
21 such specific expenses.

22 (C) An assessment of the costs and bene-  
23 fits of funding such specific expenses through  
24 the administrative surcharge, including any  
25 data to support such an assessment.

1           (D) An assessment of how the Department  
2 of Defense calculates the lower bound, or safety  
3 level, for the administrative surcharge account  
4 and the contract administration services sur-  
5 charge account, including what specific factors  
6 inform the calculation and whether such a  
7 method for calculating the safety level is still  
8 valid or should be revisited.

9           (E) An assessment of the process used by  
10 the Department of Defense to review and set  
11 rates for the administrative surcharge and the  
12 contract administration services surcharge, in-  
13 cluding the extent to which outside parties are  
14 consulted and any proposals the Department of  
15 Defense may have for better ensuring that the  
16 rates are set appropriately.

17           (F) Such other matters as the Secretary of  
18 Defense determines to be appropriate.

19       (c) REPORT REQUIRED.—Not later than 180 days  
20 after the date of the enactment of this Act, the Secretary  
21 of Defense, acting through the Director of the Defense  
22 Security Cooperation Agency, shall submit to the Com-  
23 mittee on Armed Services of the Senate and the Com-  
24 mittee on Armed Services of the House of Representatives  
25 a report on—

1           (1) the findings of the review conducted under  
2           subsection (b); and

3           (2) any legislative changes needed to allow the  
4           administrative surcharge under the foreign military  
5           sales program to pay for any expenses currently not  
6           covered by that surcharge.

7   **SEC. 102. MODIFICATION OF CALCULATION OF MILITARY**  
8                   **HOUSING CONTRACTOR PAY FOR PRIVA-**  
9                   **TIZED MILITARY HOUSING.**

10          Section 606(a) of the John S. McCain National De-  
11          fense Authorization Act for Fiscal Year 2019 (Public Law  
12          115–232; 10 U.S.C. 2871 note) is amended—

13               (1) in paragraph (1)(B)—

14                   (A) by striking “2.5 percent” and inserting  
15                   “50 percent”; and

16                   (B) by striking “section 403(b)(3)(A)(i)”  
17                   and inserting “section 403(b)(3)(A)(ii)”; and

18               (2) in paragraph (2)(B)—

19                   (A) by striking “2.5 percent” and inserting  
20                   “50 percent”; and

21                   (B) by striking “section 403(b)(3)(A)(i)”  
22                   and inserting “section 403(b)(3)(A)(ii)”.

1           **TITLE II—DEPARTMENT OF**  
 2                           **EDUCATION**

3   **SEC. 201. MAXIMIZING EFFECTIVE USE AND RECOUPMENT**  
 4                           **OF FEDERAL STUDENT LOANS BY CLOSING**  
 5                           **THE FORBEARANCE LOOPHOLE AND AMEND-**  
 6                           **ING DEFAULT RATES.**

7           (a)   **DEFAULT MANAGEMENT PLAN.**—Section  
 8   435(a)(7)(A) of the Higher Education Act of 1965 (20  
 9   U.S.C. 1085(a)(7)(A)) is amended—

10                   (1) by redesignating clause (ii) as clause (iii);

11           and

12                   (2) by inserting after clause (i) the following:

13                           “(ii)   **PROHIBITION.**—The plan re-  
 14                           quired under clause (i) shall not include  
 15                           placing students in forbearance as a means  
 16                           of reducing the cohort default rate of the  
 17                           institution.”.

18           (b)   **FORBEARANCE RULES.**—Section 435(m)(1) of  
 19   the Higher Education Act of 1965 (20 U.S.C.  
 20   1085(m)(1)) is amended by adding at the end the fol-  
 21   lowing:

22                           “(D) With respect to a cohort default rate cal-  
 23                           culated for an institution under this paragraph for  
 24                           fiscal year 2021 and for each succeeding fiscal year,  
 25                           the cohort default rate shall be calculated such that



1 in determining the number of current and former  
 2 students at an institution who enter repayment for  
 3 such fiscal year—

4 “(i) any student who is in nonmandatory  
 5 forbearance for such fiscal year for a period of  
 6 greater than 18 months but less than 36  
 7 months shall not be counted as entering repay-  
 8 ment for that fiscal year;

9 “(ii) any student described in clause (i)  
 10 shall be counted as entering repayment for the  
 11 first fiscal year for which the student ceases to  
 12 be in a period of forbearance and otherwise  
 13 meets the requirements for being in repayment;  
 14 and

15 “(iii) any student who is in a period of  
 16 nonmandatory forbearance for 3 or more years  
 17 shall be counted as in default and included in  
 18 the institution’s total number of students in de-  
 19 fault.”.

20 **TITLE III—DEPARTMENT OF**  
 21 **ENERGY**

22 **SEC. 301. INCREASING FEDERAL REVENUE BY REVIEWING**  
 23 **AND REPORTING ON OPTIMAL SIZE OF STRA-**  
 24 **TEGIC PETROLEUM RESERVE.**

25 (a) REVIEW.—

1           (1) IN GENERAL.—The Secretary of Energy  
2           (referred to in this section as the “Secretary”) shall  
3           conduct a review of options for a long-range target  
4           for the optimal size and configuration of the Stra-  
5           tegic Petroleum Reserve established under part B of  
6           title I of the Energy Policy and Conservation Act  
7           (42 U.S.C. 6231 et seq.) (referred to in this section  
8           as the “Reserve”).

9           (2) MATTERS TO BE CONSIDERED.—In con-  
10          ducting the review under paragraph (1), the Sec-  
11          retary shall consider—

12                   (A) the volume of petroleum and petroleum  
13                   products to be held in the Reserve;

14                   (B) the infrastructure and modernization  
15                   needs of the Reserve;

16                   (C) the projections for future oil produc-  
17                   tion and consumption in the United States;

18                   (D) the efficacy of the existing Reserve to  
19                   respond to domestic supply disruptions;

20                   (E) the obligations of the International  
21                   Energy Agency;

22                   (F) the expected responses of the private  
23                   sector to any supply disruptions due to a sub-  
24                   optimal size and configuration of the Reserve;  
25                   and

1 (G) the costs and benefits of a range of po-  
2 tential sizes and configurations of the Reserve.

3 (b) REPORT.—Not later than 180 days after the date  
4 of enactment of this Act, the Secretary shall submit to  
5 the Committee on Energy and Natural Resources of the  
6 Senate and the Committee on Energy and Commerce of  
7 the House of Representatives a report describing—

8 (1) the findings of the review conducted under  
9 subsection (a); and

10 (2) recommendations for legislation needed to  
11 optimize the size and configuration of the Reserve.

12 **TITLE IV—DEPARTMENT OF**  
13 **HOUSING AND URBAN DEVEL-**  
14 **OPMENT**

15 **SEC. 401. OPTIMIZING REVENUE INTAKE AND SAVING TAX-**  
16 **PAYER DOLLARS AT GINNIE MAE BY ASSESS-**  
17 **ING CURRENT PRACTICES AND EXPLORING**  
18 **ALTERNATIVE GOVERNANCE STRUCTURES**  
19 **TO PROVIDE BETTER OVERSIGHT.**

20 (a) DEFINITIONS.—In this section—

21 (1) the term “appropriate congressional com-  
22 mittees” means—

23 (A) the Committee on Banking, Housing,  
24 and Urban Affairs of the Senate;

1 (B) the Committee on Homeland Security  
2 and Governmental Affairs of the Senate;

3 (C) the Committee on Financial Services of  
4 the House of Representatives; and

5 (D) the Committee on Oversight and Re-  
6 form of the House of Representatives;

7 (2) the term “Association” means the Govern-  
8 ment National Mortgage Association; and

9 (3) the term “Secretary” means the Secretary  
10 of Housing and Urban Development.

11 (b) GUARANTY FEE STUDY AND REPORT.—Not later  
12 than 1 year after the date of enactment of this Act, the  
13 Secretary shall conduct a study and submit to the appro-  
14 priate congressional committees and the Comptroller Gen-  
15 eral of the United States a report on the adequacy of the  
16 guaranty fee of the Association for single-family mort-  
17 gage-backed securities, which shall—

18 (1) evaluate the extent to which the level of the  
19 guaranty fee for single-family mortgage-backed secu-  
20 rities provides the Association with sufficient re-  
21 serves to cover potential losses under different eco-  
22 nomic scenarios, including adverse scenarios, based  
23 on an actuarial or similar analysis;

24 (2) identify the types of standards that the As-  
25 sociation could use to set the guaranty fee for single-

1 family mortgage-backed securities and evaluate  
2 which standard or standards would enable the Asso-  
3 ciation to set the guaranty fee at an appropriate  
4 level in line with the mission of the Association;

5 (3) assess the benefits and costs of adopting a  
6 risk-based guaranty fee for single-family mortgage-  
7 backed securities that imposes a higher fee on higher  
8 risk issuers;

9 (4) analyze how and to what extent an increase  
10 in the guaranty fee (for all issuers and a subset of  
11 riskier issuers) would affect borrowers' financing,  
12 closing, and other related costs for federally insured  
13 mortgage loans; and

14 (5) if warranted, include recommendations for  
15 any necessary amendments to the National Housing  
16 Act (12 U.S.C. 1701 et seq.) to change the guaranty  
17 fee for single-family mortgage-backed securities, in-  
18 cluding for establishing a standard under which the  
19 Association can determine the level of the guaranty  
20 fee for single-family mortgage-backed securities.

21 (c) RELIANCE ON CONTRACTORS STUDY AND RE-  
22 PORT.—Not later than 1 year after the date of enactment  
23 of this Act, the Secretary shall conduct a study and submit  
24 to the appropriate congressional committees and the  
25 Comptroller General of the United States a report evalu-

1 ating the workforce composition of the Association in con-  
2 sideration of the critical functions of the Association,  
3 which shall—

4 (1) analyze—

5 (A) the number of Federal employees and  
6 contractors by type of role or position that the  
7 Association uses to perform compliance, risk  
8 management, and other critical functions, and  
9 the cost of a full-time equivalent Federal em-  
10 ployee versus a contractor for comparable roles  
11 or positions;

12 (B) the extent to which the Association  
13 could use Federal employees instead of contrac-  
14 tors by role or position to perform critical func-  
15 tions;

16 (C) the types and amounts of costs that  
17 the Association could save by using Federal em-  
18 ployees instead of contractors, where possible,  
19 to perform critical functions, such as savings  
20 from differences in pay and not having to over-  
21 see contractors;

22 (D) whether the Association would face  
23 any legal or other obstacles in using Federal  
24 employees instead of contractors to perform  
25 critical functions; and

1 (E) the potential negative and positive ef-  
2 fects of using Federal employees instead of con-  
3 tractors on the ability of the Association to  
4 achieve the mission of the Association; and

5 (2) if warranted, include recommendations for  
6 any necessary amendments to the National Housing  
7 Act (12 U.S.C. 1701 et seq.) to change the funding  
8 structure of the Association.

9 (d) COMPENSATION STRUCTURE STUDY AND RE-  
10 PORT.—Not later than 1 year after the date of enactment  
11 of this Act, the Secretary shall conduct a study and submit  
12 to the appropriate congressional committees and the  
13 Comptroller General of the United States a report evalu-  
14 ating the workforce challenges of the Association, which  
15 shall—

16 (1) analyze, quantitatively to the extent pos-  
17 sible, the challenges of the Association in hiring and  
18 retaining staff, including compensation, during the  
19 3-year period preceding the report;

20 (2) identify and summarize the options that the  
21 Association has pursued within existing authorities  
22 to address the staffing challenges of the Association,  
23 including which agencies or offices were involved,  
24 and the key decisions and outcomes of those efforts;

1           (3) identify options that the Association did not  
2           pursue within existing authorities to address the  
3           staffing challenges of the Association and the rea-  
4           sons for not pursuing those options;

5           (4) identify and evaluate options outside of ex-  
6           isting authorities that the Association could use to  
7           address the staffing challenges of the Association  
8           and the potential benefits and costs of those options;  
9           and

10          (5) if warranted, include recommendations for  
11          any necessary amendments to the National Housing  
12          Act (12 U.S.C. 1701 et seq.) to change how the  
13          Government National Mortgage Association sets  
14          compensation.

15          (e) REVIEW OF REFORMS TO GINNIE MAE'S ORGANI-  
16          ZATIONAL AND OVERSIGHT STRUCTURE.—The Comp-  
17          troller General of the United States shall conduct a study  
18          and submit to the appropriate congressional committees  
19          a report on alternate ways of overseeing the Association  
20          to address increasing risks, which shall—

21                (1) review the reports submitted by the Sec-  
22                retary under subsections (b), (c), and (d) to deter-  
23                mine if the reports addressed the required provisions  
24                and assess any recommendations made in those re-  
25                ports;



1           (2) identify key challenges or constraints that  
2           the Association has faced under the governance and  
3           funding structure of the Association as a govern-  
4           ment corporation within the Department of Housing  
5           and Urban Development;

6           (3) identify alternative models under which the  
7           governance and funding structure of the Association  
8           could be reorganized to better support housing policy  
9           priorities in the United States and to ensure that  
10          the Association fulfilling the role of increasing li-  
11          quidity in the housing finance market while also  
12          minimizing risk to the taxpayer;

13          (4) evaluate the potential positive and negative  
14          impacts of the models described in paragraph (3) on  
15          the Association, the Department of Housing and  
16          Urban Development, and other stakeholders;

17          (5) obtain input from relevant stakeholders,  
18          such as Federal entities, lenders, issuers, investors,  
19          affordable housing advocates, and researchers, on re-  
20          forms to the organizational and oversight structure  
21          of the Association;

22          (6) consider the housing finance system and  
23          ways in which alternative oversight structures of the  
24          Association could impact the system; and

1           (7) review such other information as the Comp-  
2           troller General determines relevant.

3           **TITLE V—DEPARTMENT OF THE**  
4           **TREASURY**

5           **SEC. 501. SAVING FEDERAL FUNDS BY AUTHORIZING**  
6                       **CHANGES TO THE COMPOSITION OF CIRCULATING**  
7                       **COINS.**

8           (a) Section 5112 of title 31, United States Code, is  
9           amended by adding at the end the following:

10           “(bb) COMPOSITION OF CIRCULATING COINS.—

11                       “(1) IN GENERAL.—Notwithstanding any other  
12           provision of law, and subject to the other provisions  
13           of this subsection, the Director of the United States  
14           Mint (referred to in this subsection as the ‘Direc-  
15           tor’), in consultation with the Secretary, may modify  
16           the metallic composition of circulating coins to a new  
17           metallic composition (including by prescribing rea-  
18           sonable manufacturing tolerances with respect to  
19           those coins) if a study and analysis conducted by the  
20           United States Mint, including solicitation of input,  
21           including input on acceptor tolerances and require-  
22           ments, from industry stakeholders who could be af-  
23           fected by changes in the composition of circulating  
24           coins, indicates that the modification will—

1           “(A) reduce costs incurred by the tax-  
2 payers of the United States;

3           “(B) be seamless, which shall mean the  
4 same diameter and weight as United States  
5 coinage being minted on the date of enactment  
6 of this subsection and that the coins will work  
7 interchangeably in most coin acceptors using  
8 electromagnetic signature technology; and

9           “(C) have as minimal an adverse impact as  
10 possible on the public and stakeholders.

11           “(2) NOTIFICATION TO CONGRESS.—On the  
12 date that is at least 90 legislative days before the  
13 date on which the Director begins making a modi-  
14 fication described in paragraph (1), the Director  
15 shall submit to Congress notice that—

16           “(A) provides a justification for the modi-  
17 fication, including the support for that modi-  
18 fication in the study and analysis required  
19 under paragraph (1) with respect to the modi-  
20 fication;

21           “(B) describes how the modification will  
22 reduce costs incurred by the taxpayers of the  
23 United States;

24           “(C) certifies that the modification will be  
25 seamless, as described in paragraph (1)(B); and

1           “(D) certifies that the modification will  
2           have as minimal an adverse impact as possible  
3           on the public and stakeholders.

4           “(3) CONGRESSIONAL AUTHORITY.—The Direc-  
5           tor may begin making a modification proposed under  
6           this subsection not earlier than the date that is 90  
7           legislative days after the date on which the Director  
8           submits to Congress the notice required under para-  
9           graph (2) with respect to that modification, unless  
10          Congress, during the period of 90 legislative days  
11          beginning on the date on which the Director submits  
12          that notice—

13                 “(A) finds that the modification is not jus-  
14                 tified in light of the information contained in  
15                 that notice; and

16                 “(B) enacts a joint resolution of dis-  
17                 approval of the proposed modification.

18           “(4) PROCEDURES.—For purpose of paragraph  
19          (3)—

20                 “(A) a joint resolution of disapproval is a  
21                 joint resolution the matter after the resolving  
22                 clause of which is as follows: ‘That Congress  
23                 disapproves the modification submitted by the  
24                 Director of the United States Mint.’; and

1           “(B) the procedural rules in the House of  
2           Representatives and the Senate for a joint reso-  
3           lution of disapproval described under paragraph  
4           (3) shall be the same as provided for a joint  
5           resolution of disapproval under chapter 8 of  
6           title 5, United States Code.”.

7           (b) DETERMINATION OF BUDGETARY EFFECTS.—  
8           The budgetary effects of this Act, for the purpose of com-  
9           plying with the Statutory Pay-As-You-Go-Act of 2010,  
10          shall be determined by reference to the latest statement  
11          titled “Budgetary Effects of PAYGO Legislation” for this  
12          Act, submitted for printing in the Congressional Record  
13          by the Chairman of the Senate Budget Committee, pro-  
14          vided that such statement has been submitted prior to the  
15          vote on passage.

16          **SEC. 502. REDUCING THE RESOURCE DRAIN BY REQUIRING**  
17                               **THAT ELECTRONICALLY PREPARED PAPER**  
18                               **RETURNS INCLUDE SCANNABLE CODE.**

19          (a) IN GENERAL.—Subsection (e) of section 6011 of  
20          the Internal Revenue Code of 1986 is amended by adding  
21          at the end the following new paragraph:

22                       “(8) SPECIAL RULE FOR RETURNS PREPARED  
23                       ELECTRONICALLY AND SUBMITTED ON PAPER.—The  
24                       Secretary shall require that any return of tax which  
25                       is prepared electronically, but is printed and filed on

1 paper, bear a code which can, when scanned, convert  
2 such return to electronic format.”.

3 (b) CONFORMING AMENDMENT.—Paragraph (1) of  
4 section 6011(e) of such Code is amended by striking  
5 “paragraph (3)” and inserting “paragraphs (3) and (8)”.

6 (c) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to returns of tax the due date for  
8 which (determined without regard to extensions) is after  
9 December 31, 2021.

10 **SEC. 503. PROTECTING THE SECURITY OF TAXPAYER IN-**  
11 **FORMATION HELD BY THIRD-PARTY PRO-**  
12 **VIDERS BY IMPROVING COORDINATION AND**  
13 **ESTABLISHING MINIMUM SECURITY RE-**  
14 **QUIREMENTS TO REDUCE FRAGMENTATION.**

15 (a) REGULATION OF SECURITY REQUIREMENTS FOR  
16 TAX RETURN PREPARERS AND AUTHORIZED E-FILE  
17 PROVIDERS.—

18 (1) IN GENERAL.—Not later than 180 days  
19 after the date of the enactment of this Act, the Sec-  
20 retary of the Treasury (or the Secretary’s delegate)  
21 shall prescribe standards for the security of return  
22 information and information technology systems that  
23 are consistent with security standards issued by the  
24 National Institute for Standards and Technology.

1           (2) PENALTY FOR FAILURE TO SECURE INFOR-  
2           MATION.—

3           (A) IN GENERAL.—Section 6695 of the In-  
4           ternal Revenue Code of 1986 is amended by re-  
5           designating subsection (h) as subsection (i) and  
6           by inserting after subsection (g) the following  
7           new subsection:

8           “(h) FAILURE TO COMPLY WITH ELECTRONIC RE-  
9           TURN SECURITY STANDARDS.—Any person who is author-  
10          ized by the Secretary to provide electronic filing services  
11          and who fails to secure return information and informa-  
12          tion technology standards in such manner as prescribed  
13          by the Secretary shall pay a penalty of \$500 for each such  
14          failure. The maximum penalty imposed under this sub-  
15          section on any person with respect to any calendar year  
16          shall not exceed \$25,000.”.

17          (B) INFLATION ADJUSTMENT.—Section  
18          6695(i) of such Code, as redesignated by sub-  
19          paragraph (A), is amended—

20                  (i) by redesignating paragraph (2) as  
21                  paragraph (3);

22                  (ii) by inserting after paragraph (1)  
23                  the following new paragraph:

24                  “(2) FAILURE TO COMPLY WITH SECURITY  
25                  STANDARDS.—In the case of any failure described in

1 subsection (h) in a calendar year beginning after  
2 2022, each of the dollar amounts under subsection  
3 (h) shall be increased by an amount equal to such  
4 dollar amount multiplied by the cost-of-living adjust-  
5 ment determined under section 1(f)(3) for the cal-  
6 endar year determined by substituting ‘calendar year  
7 2021’ for ‘calendar year 2016’ in subparagraph  
8 (A)(ii) thereof.”; and

9 (iii) in paragraph (3) (as redesignated  
10 by clause (i)), by striking “paragraph (1)”  
11 and inserting “paragraph (1) or (2)”.

12 (C) EFFECTIVE DATE.—The amendments  
13 made by this paragraph shall apply to failures  
14 described in section 6695(h) of the Internal  
15 Revenue Code of 1986 (as added by subpara-  
16 graph (A)) after the date that is 60 days after  
17 the date the Secretary prescribes the standards  
18 required under paragraph (1).

19 (b) COORDINATION OF TAXPAYER INFORMATION SE-  
20 CURITY.—Not later than 180 days after the date of enact-  
21 ment of this Act, the Commissioner of Internal Revenue  
22 shall develop an organizational plan to create a centralized  
23 body or other governance structure to coordinate all as-  
24 pects of the Internal Revenue Service’s efforts to protect  
25 return information while being held or transmitted by



1 those authorized by the Internal Revenue Service to pro-  
2 vide electronic filing services. The Commissioner shall  
3 transmit the organizational plan to the Committee on Fi-  
4 nance of the Senate, the Committee on Homeland Security  
5 and Governmental Affairs of the Senate, the Committee  
6 on Ways and Means of the House of Representatives, and  
7 the Committee on Oversight and Reform of the House of  
8 Representatives.

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