

117TH CONGRESS  
2D SESSION

# S. 3653

To direct the Director of the Office of Management and Budget to require the disclosure of violations of Federal law with respect to human trafficking or alien smuggling, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2022

Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To direct the Director of the Office of Management and Budget to require the disclosure of violations of Federal law with respect to human trafficking or alien smuggling, 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 “Protecting Federal  
5 Funds from Human Trafficking and Smuggling Act of  
6 2022”.

1 **SEC. 2. MANDATORY DISCLOSURES OF HUMAN TRAF-**  
2 **FICKING AND ALIEN SMUGGLING.**

3 (a) **LIMITATION ON AWARD OF FEDERAL FUNDS.—**

4 (1) **FUTURE RECIPIENTS.—**Beginning not later  
5 than 120 days after the date of the enactment of  
6 this Act, no Federal funds may be awarded to a  
7 nonprofit entity unless such entity submits to the  
8 Director of the Office of Management and Budget a  
9 certification that the entity—

10 (A) is in compliance with Federal law with  
11 respect to human trafficking, alien smuggling,  
12 fraud, bribery, and gratuity; and

13 (B) has not been convicted of an offense  
14 under section 274 of the Immigration and Na-  
15 tionality Act (8 U.S.C. 1324).

16 (2) **CURRENT AND PRIOR RECIPIENTS.—**

17 (A) **IN GENERAL.—**Not later than 60 days  
18 after the date of the enactment of this Act,  
19 each nonprofit entity that is in receipt of  
20 awarded Federal funds as of the date of the en-  
21 actment of this Act, or was awarded Federal  
22 funds before January 1, 2021, and remains en-  
23 gaged in the activities for which such Federal  
24 funds were awarded, shall submit to the Direc-  
25 tor of the Office of Management and Budget a  
26 certification that the entity—

1 (i) is in compliance with Federal law  
2 with respect to human trafficking, alien  
3 smuggling, fraud, bribery, and gratuity;  
4 and

5 (ii) has not been convicted of an of-  
6 fense under section 274 of the Immigra-  
7 tion and Nationality Act (8 U.S.C. 1324).

8 (B) EFFECT OF NONCOMPLIANCE.—If an  
9 entity referred to in subparagraph (A) does not  
10 submit the certification required under such  
11 subparagraph before the date referred to in  
12 such subparagraph, or the Director of the Of-  
13 fice of Management and Budget determines  
14 that the entity has violated section  
15 274(a)(1)(A) of the Immigration and Nation-  
16 ality Act (8 U.S.C. 1324(a)(1)(A)), the entity  
17 shall reimburse the Federal Government for any  
18 Federal funds the entity received for the fiscal  
19 year in which such noncompliance occurred.

20 (b) DENIAL OF TAX EXEMPTION.—Section 503 of  
21 the Internal Revenue Code of 1986 is amended by adding  
22 at the end the following:

23 “(g) DENIAL OF EXEMPTION FOR NOT MEETING  
24 CERTAIN CERTIFICATION REQUIREMENT.—

1           “(1) IN GENERAL.—An organization described  
2 in section 501(c) shall not be exempt from taxation  
3 under section 501(a) if—

4                   “(A) such organization does not submit the  
5 certification required under section 2(a) of the  
6 Protecting Federal Funds from Human Traf-  
7 ficking and Smuggling Act of 2022; or

8                   “(B) the Director of the Office of Manage-  
9 ment and Budget determines that such organi-  
10 zation has violated section 274 of the Immigra-  
11 tion and Nationality Act (8 U.S.C. 1324).

12           “(2) RE-APPLICATION FOR EXEMPTION.—Be-  
13 ginning on the date that is one year after the date  
14 on which an organization described in section 501(c)  
15 is determined not to be exempt under paragraph (1),  
16 such organization may reapply to be exempt from  
17 taxation under section 501(a).”.

18           (c) REPORTING REQUIREMENT.—Not later than 120  
19 days after the date of the enactment of this Act, the Sec-  
20 retary of Homeland Security shall—

21                   (1) develop a written strategy and best prac-  
22 tices guide for nonprofit entities to ensure the enti-  
23 ties comply with Federal law, including how to de-  
24 tect, deter, and report human trafficking and alien  
25 smuggling;

1           (2) publish, on an internet website of the De-  
2           partment of Homeland Security, information regard-  
3           ing violations of any nonprofit entity that pertains to  
4           compliance with Federal and State laws involving  
5           human trafficking and alien smuggling; and

6           (3) develop a written strategy to improve co-  
7           operation with nonprofit entities and Federal and  
8           State law enforcement agencies with respect to im-  
9           proving cooperation on deterring, detecting, report-  
10          ing, and removing aliens.

11          (d) REPORT BY COMPTROLLER GENERAL.—Not later  
12          than 180 days after the date of the enactment of this Act,  
13          and annually thereafter, the Comptroller General of the  
14          United States shall submit a report to Congress that iden-  
15          tifies each failure by a nonprofit entity to comply with the  
16          certification requirement under subsection (a) during the  
17          reporting period.

18          (e) APPLICABILITY.—The requirement under sub-  
19          section (a) shall apply to any nonprofit entity awarded  
20          Federal funding, including any nonprofit entity that has  
21          an agreement, contract, award, or relationship with the  
22          Federal Government on the date of the enactment of this  
23          Act.

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