



## **Senate Bill 374**

### *Maryland False Claims Act*

MACo Position: **SUPPORT**

Date: April 1, 2015

To: Judiciary Committee

From: Leslie Knapp, Jr. & Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** SB 374. The bill would provide an additional method that a county government could use to recover damages against someone who *knowingly* makes a false claim against the county in order to receive undeserved payment or some other type of benefit. This could include contractors who falsify the services they are providing to a county or grantees who are misusing county grant funding.

SB 374 is modeled after the federal False Claims Act (31 U.S.C. § 3729), including certain changes made by the Fraud Enforcement and Recovery Act of 2009. Twenty states and the District of Columbia have also enacted similar legislation.

The bill authorizes a government entity, or a person on behalf of a government entity, to file a civil action against a person who makes a false claim. The bill does not apply to claims, records, or statements related to state or local taxes. If a person files a civil action on behalf of the government entity, the government entity may elect to intervene in the action or else the action is dismissed.

If the government entity does elect to intervene and prevails, the person filing the action is entitled to a certain percentage of any awarded damages. If the government entity does not elect to intervene, the court shall dismiss the action. The bill would also prohibit retaliatory actions against an employee who reports or refuses to participate in an action related to a false claim.

Currently, the Maryland False Health Claims Act contains similar provisions to SB 374 but is limited to false claims made against a State health care program. SB 374 would provide a similar recourse to a county for a false claim made against a county government or program. The bill does not override local false claim procedures but instead provides counties with an additional tool to pursue and recover damages from a person making or furthering a false claim. Accordingly, MACo urges the Committee to adopt a **FAVORABLE** report on SB 374.