

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 367 (Senator Frosh)

Judicial Proceedings

Maryland False Claims Act

This bill prohibits a person from knowingly making a false claim against the State. A “claim” is a request or demand for money or property, made under contract or otherwise. A person who violates the bill is liable for a fine of from \$5,000 to \$10,000 and either: (1) triple the State’s resulting damages; or (2) under specified circumstances, up to double the State’s damages. The bill authorizes a private party to bring an action on behalf of the State, in which the private party may seek any remedy available in common law tort, the penalties listed above, compensatory damages to compensate the State, court costs, and attorney’s fees.

The bill prohibits retaliatory actions by an employer against an employee for: (1) disclosing the employer’s false claim; or (2) objecting or refusing to participate in a practice the employee reasonably believes to be a false claim. Remedies provided under the bill are in addition to any other remedy available under State or federal law.

Fiscal Summary

State Effect: Assuming that the Attorney General receives fewer than 50 complaints per year stemming from this bill, any additional workload could be handled with existing resources. Any general fund revenues from fines and damages recovered by the Attorney General cannot be accurately estimated at this time. Any such increase is not expected to be significant.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Attorney General may bring an action against a person who, for the purpose of defrauding the State, acts in collusion with another person in connection with the State procurement process. The person is liable for three times the State's damages attributable to the collusion. It is a felony, punishable by a fine of up to \$20,000 or up to five years imprisonment, or both, to falsify, conceal, or suppress a material fact; make a false or fraudulent statement or representation; or use a false writing or document containing a false statement or entry in connection with a State procurement contract, if done so willfully. It is also a felony, punishable by a fine of up to \$1,000 or up to three years imprisonment, or both, to obtain assistance under a publically administered social, health, or nutritional program based on need, if done so willfully. No provision of law authorizes a private party to bring an action for fraud on behalf of the State.

Background: The federal False Claims Act authorizes a private citizen to bring an action on behalf of the federal government, in which the citizen may seek remedies for fraudulent claims against the government.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Budget and Management; Office of the Attorney General; Allegany, Prince George's, and Montgomery counties; Baltimore City; Department of Health and Mental Hygiene; Office of State's Attorneys' Coordinator; Department of Legislative Services

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Analysis by: Ryan Wilson

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510