

HOUSE BILL 1510

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By: **Delegates Grammer, Arentz, Arikan, Chisholm, Fisher, M. Morgan, Nawrocki, and Szeliga**

Introduced and read first time: February 13, 2026

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Unemployment Insurance – Fraud Prevention, Detection, and Enforcement**

3 FOR the purpose of altering and establishing certain requirements related to the
4 prevention, detection, and enforcement of unemployment insurance fraud in the
5 State, including requirements related to the use of multifactor authentication under
6 certain circumstances, reviews of claims for benefits, and the submission of proof of
7 identification by claimants; authorizing the Maryland Department of Labor to
8 recover overpaid benefits through State income tax withholding; disqualifying
9 claimants from receiving benefits under certain circumstances; increasing the
10 percentage of a monetary penalty assessed due to fraud and the duration of a certain
11 disqualification; requiring the Secretary of Labor to refer fraud determinations to
12 certain parties for certain purposes; and generally relating to unemployment
13 insurance.

14 BY repealing and reenacting, with amendments,
15 Article – Labor and Employment
16 Section 8–109(a)(6), 8–311, 8–809(b) and (e), 8–1305(b), and 8–1306
17 Annotated Code of Maryland
18 (2025 Replacement Volume)

19 BY adding to
20 Article – Labor and Employment
21 Section 8–805.1, 8–901.1, 8–1010, and 8–1011
22 Annotated Code of Maryland
23 (2025 Replacement Volume)

24 BY repealing and reenacting, without amendments,
25 Article – Labor and Employment
26 Section 8–809(g), 8–1301, 8–1302, and 8–1305(a)
27 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2025 Replacement Volume)

2 BY repealing and reenacting, without amendments,
3 Article – State Finance and Procurement
4 Section 3–302(a)(1) and (2)(i)
5 Annotated Code of Maryland
6 (2021 Replacement Volume and 2025 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article – State Finance and Procurement
9 Section 3–302(b)(3)
10 Annotated Code of Maryland
11 (2021 Replacement Volume and 2025 Supplement)

12 BY repealing and reenacting, without amendments,
13 Article – Tax – General
14 Section 13–913
15 Annotated Code of Maryland
16 (2022 Replacement Volume and 2025 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
18 That the Laws of Maryland read as follows:

19 **Article – Labor and Employment**

20 8–109.

21 (a) In carrying out the requirements of this title, the Department shall:

22 (6) (I) establish and maintain a plan for ongoing investment in
23 technology; AND

24 (II) REQUIRE ON ANY PUBLICLY ACCESSIBLE WEBSITE OR
25 ONLINE PORTAL THAT THE DEPARTMENT USES TO FACILITATE THE SUBMISSION,
26 PROCESSING, OR PAYMENT OF BENEFITS, OR THE COLLECTION OF INFORMATION
27 FROM CLAIMANTS AND EMPLOYERS, THE USE OF MULTIFACTOR AUTHENTICATION
28 REQUIRING CLAIMANTS AND EMPLOYERS TO USE AT LEAST TWO FACTORS TO GAIN
29 ACCESS TO ANY ACCOUNT USED ON THE WEBSITE OR ONLINE PORTAL;

30 8–311.

31 (a) (1) On or before January 1 of each year, the Secretary shall submit to the
32 Governor an annual report on the administration and operation of this title during the
33 [previous] IMMEDIATELY PRECEDING fiscal year.

34 [(b)] (2) The annual report shall include:

1 [(1)] (I) a balance sheet for the Unemployment Insurance Fund;

2 [(2)] (II) a table that shows the amount of any benefit that was
3 ineffectively charged or not charged to the experience rating record of an employer;

4 [(3)] (III) the reason for not charging the amount of any benefit to the
5 experience rating record of an employer;

6 [(4)] (IV) by category of disqualification, the amount of any benefit that
7 was paid after a disqualification under Subtitle 10 of this title; and

8 [(5)] (V) any recommendation for an amendment to this title that the
9 Secretary considers proper.

10 (B) (1) **ON OR BEFORE JANUARY 1 EACH YEAR, THE SECRETARY SHALL
11 SUBMIT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE
12 GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY AN ANNUAL REPORT ON THE
13 FRAUD PREVENTION AND ENFORCEMENT EFFORTS UNDER THIS TITLE DURING THE
14 IMMEDIATELY PRECEDING FISCAL YEAR.**

15 (2) **THE ANNUAL REPORT SHALL INCLUDE:**

16 (I) **THE NUMBER OF INELIGIBLE CLAIMANTS DETECTED BY A
17 REVIEW UNDER § 8-805.1 OF THIS TITLE AND AN ESTIMATED DOLLAR AMOUNT OF
18 SAVINGS DUE TO THE DETECTION THAT MAY BE DETERMINED USING:**

19 1. **THE NUMBER OF INELIGIBLE CLAIMS DETECTED;**

20 2. **THE AVERAGE NUMBER OF WEEKS CLAIMANTS
21 RECEIVED BENEFITS FOR THE REPORTING PERIOD; AND**

22 3. **THE AVERAGE WEEKLY BENEFIT DISTRIBUTED TO
23 CLAIMANTS DURING THE REPORTING PERIOD;**

24 (II) **THE NUMBER OF CLAIMANTS FOR WHOM THE SECRETARY
25 CONCLUDED A REVIEW REQUIRED UNDER § 8-805.1 OF THIS TITLE BUT INITIATED
26 THE PAYMENT OF BENEFITS DUE TO AN INABILITY TO ESTABLISH CONTACT WITH AN
27 EMPLOYER DURING THE REVIEW;**

28 (III) **THE TOTAL AMOUNT OF BENEFITS PAID TO CLAIMANTS IN
29 VIOLATION OF § 8-1301 OF THIS TITLE;**

1 (IV) FOR ALL IMPROPER PAYMENTS NOT RECOVERED DUE TO
2 FRAUD, A LIST OF THE FOUR PRIMARY REASONS WHY THE DEPARTMENT WAS
3 UNABLE TO RECOVER THE PAYMENTS; AND

4 (V) 1. THE NUMBER OF CASES OF SUSPECTED FRAUD
5 REFERRED TO LAW ENFORCEMENT FOR FURTHER INVESTIGATION AND POSSIBLE
6 PROSECUTION IN ACCORDANCE WITH § 8-1306(B) OF THIS TITLE; AND

7 2. THE AGENCIES TO WHICH THE CASES INCLUDED
8 UNDER ITEM 1 OF THIS ITEM WERE REFERRED, WHEN THEY WERE REFERRED, AND
9 THE AMOUNT OF CLAIMED OR PAID BENEFITS IN EACH CASE.

10 (3) THE SECRETARY SHALL PUBLISH THE REPORT REQUIRED UNDER
11 THIS SUBSECTION ON THE DEPARTMENT'S PUBLICLY ACCESSIBLE WEBSITE.

12 8-805.1.

13 (A) WHEN FILING A CLAIM FOR BENEFITS, IF A CLAIMANT ENROLLS IN
14 DIRECT DEPOSIT AND PROVIDES BANK ACCOUNT INFORMATION THAT IS IDENTICAL
15 TO BANK ACCOUNT INFORMATION THAT HAS BEEN USED WITHIN THE IMMEDIATELY
16 PRECEDING 6 MONTHS FOR AN EXISTING CLAIM FOR BENEFITS FOR A DIFFERENT
17 BENEFIT YEAR OR FOR A DIFFERENT CLAIMANT, THE SECRETARY SHALL REVIEW
18 THE PENDING CLAIM BY:

19 (1) CONTACTING BY TELEPHONE THE CLAIMANT WHO IS USING THE
20 BANK ACCOUNT FOR THE PENDING CLAIM;

21 (2) CONFIRMING THE CLAIMANT DID IN FACT SUBMIT THE CLAIM FOR
22 BENEFITS;

23 (3) ATTEMPTING TO CONTACT THE CLAIMANT'S FORMER EMPLOYER
24 BY TELEPHONE TO VERIFY THE CLAIMANT'S EMPLOYMENT STATUS; AND

25 (4) CONFIRMING THE CLAIM MEETS ALL OTHER ELIGIBILITY
26 REQUIREMENTS UNDER THIS TITLE.

27 (B) WHEN FILING A CLAIM FOR BENEFITS, IF A CLAIMANT PROVIDES A
28 MAILING ADDRESS THAT IS IN USE FOR A DIFFERENT CLAIMANT WHOSE CLAIM IS
29 PENDING OR WHO IS ACTIVELY RECEIVING BENEFITS, THE SECRETARY SHALL
30 REVIEW THE CLAIMS AND CLAIMANTS INVOLVED BY:

31 (1) CONTACTING BY TELEPHONE THE CLAIMANTS FOR WHOM THE
32 MAILING ADDRESSES ARE IDENTICAL;

1 **(2) ATTEMPTING TO CONTACT THE CLAIMANTS' FORMER EMPLOYERS**
2 **BY TELEPHONE TO VERIFY THE CLAIMANTS' EMPLOYMENT STATUS; AND**

3 **(3) CONFIRMING THE CLAIMS MEET ALL OTHER ELIGIBILITY**
4 **REQUIREMENTS UNDER THIS TITLE.**

5 **(C) WHEN FILING A CLAIM FOR BENEFITS THROUGH AN ONLINE PORTAL OR**
6 **WEBSITE MADE AVAILABLE BY THE DEPARTMENT, IF, AT THE TIME OF FILING THE**
7 **INTERNET PROTOCOL ADDRESS ASSOCIATED WITH THE DEVICE FROM WHICH THE**
8 **CLAIM IS FILED IS BASED OUTSIDE THE STATE OR IDENTICAL TO THE INTERNET**
9 **PROTOCOL ADDRESS ASSOCIATED WITH AN EXISTING CLAIM FILED FOR A**
10 **DIFFERENT CLAIMANT, THE SECRETARY SHALL CONDUCT A REVIEW BY:**

11 **(1) CONTACTING BY TELEPHONE EACH CLAIMANT WHO FILED THE**
12 **CLAIM IDENTIFIED UNDER THIS SUBSECTION;**

13 **(2) ATTEMPTING TO CONTACT EACH CLAIMANT'S FORMER EMPLOYER**
14 **BY TELEPHONE TO VERIFY EACH CLAIMANT'S EMPLOYMENT STATUS; AND**

15 **(3) CONFIRMING THE CLAIM OR CLAIMS MEET ALL OTHER**
16 **ELIGIBILITY REQUIREMENTS UNDER THIS TITLE.**

17 **(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF THE**
18 **SECRETARY IDENTIFIES A CLAIM FOR WHICH A REVIEW IS REQUIRED UNDER THIS**
19 **SECTION, BENEFITS MAY NOT BE PAID TO A CLAIMANT WHOSE CLAIM IS UNDER**
20 **REVIEW UNTIL THE REVIEW IS COMPLETE.**

21 **(2) IF THE SECRETARY IS UNABLE TO REACH AN EMPLOYER FOR A**
22 **REVIEW REQUIRED UNDER THIS SECTION AND FRAUD IS OTHERWISE NOT**
23 **SUSPECTED, THE SECRETARY MAY CONCLUDE THE REVIEW AND ALLOW THE CLAIM**
24 **TO PROCEED.**

25 **(E) THE SECRETARY SHALL ADOPT PROCEDURES TO CARRY OUT THIS**
26 **SECTION.**

27 8-809.

28 (b) If the Secretary finds that a claimant knowingly made a false statement or
29 representation or knowingly failed to disclose a material fact to obtain or increase a benefit
30 or other payment under this title, in addition to disqualification of the claimant, the
31 Secretary may recover from the claimant:

1 (1) all benefits paid to the claimant for each week for which the false
2 statement or representation was made or for which the claimant failed to disclose a
3 material fact;

4 (2) a monetary penalty of ~~[15%]~~ **20%** of all benefits paid to the claimant
5 for each week for which the false statement or representation was made or for which the
6 claimant failed to disclose a material fact; and

7 (3) interest of 1.5% per month on the amount of all benefits paid to the
8 claimant for each week for which the false statement or representation was made or for
9 which the claimant failed to disclose a material fact plus the amount of the monetary
10 penalty accruing from the date that the claimant is notified by the Secretary that the
11 claimant was not entitled to benefits received.

12 (e) The Secretary may recover an amount under subsection (b) of this section:

13 (1) in the manner provided in § 8–630 of this title for the collection of past
14 due contributions;

15 (2) through other reasonable means of collection, including those
16 ~~[permitted]~~ **AUTHORIZED** under:

17 (i) State law for the collection of debts owed to the State,
18 **INCLUDING UNDER TITLE 13, SUBTITLE 9 OF THE TAX – GENERAL ARTICLE IN**
19 **ACCORDANCE WITH PROCEDURES FOR WITHHOLDING TAX REFUNDS;** or

20 (ii) federal law; or

21 (3) if the deduction is made by another jurisdiction under an
22 intergovernmental agreement providing for the recovery of overpaid benefits, by deduction
23 from benefits for which the claimant is eligible in the future under the law of the
24 jurisdiction that made the deduction, excluding the monetary penalty assessed under
25 subsection (b)(2) of this section and interest due under subsection (b)(3) of this section.

26 (g) Notwithstanding any other provision of this section, the Secretary may
27 recover, under a governmental offset agreement, an overpayment of benefits paid to any
28 claimant under:

29 (1) the unemployment insurance law of another state; or

30 (2) a federal unemployment insurance benefit program.

31 **8–901.1.**

32 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, TO BE ELIGIBLE FOR**
33 **BENEFITS, WHEN FILING AN INITIAL CLAIM FOR BENEFITS, A CLAIMANT SHALL**

1 INCLUDE IN THE INITIAL CLAIM ONE OF THE FOLLOWING FORMS OF
2 IDENTIFICATION:

3 (1) A DRIVER'S LICENSE;

4 (2) A STATE IDENTIFICATION CARD;

5 (3) A SOCIAL SECURITY CARD;

6 (4) A BIRTH CERTIFICATE;

7 (5) A PASSPORT;

8 (6) A MARRIAGE CERTIFICATE;

9 (7) A MILITARY IDENTIFICATION CARD;

10 (8) A VETERAN IDENTIFICATION CARD;

11 (9) A PROFESSIONAL LICENSE ISSUED BY A GOVERNMENTAL ENTITY;

12 (10) A PASSPORT CARD;

13 (11) A TRIBAL IDENTIFICATION CARD; OR

14 (12) A PILOT'S LICENSE.

15 (B) (1) IF A CLAIMANT FILES AN INITIAL CLAIM IN PERSON, THE
16 DEPARTMENT SHALL MAKE A COPY OF THE IDENTIFICATION PROVIDED UNDER THIS
17 SECTION AND RETURN THE ORIGINAL TO THE CLAIMANT.

18 (2) IF A CLAIMANT FILES AN INITIAL CLAIM ONLINE, THE CLAIMANT
19 SHALL SUBMIT WITH THE INITIAL CLAIM A SCANNED COPY OF THE IDENTIFICATION
20 REQUIRED UNDER THIS SUBSECTION.

21 8-1010.

22 (A) AN INDIVIDUAL WHO IS OTHERWISE ELIGIBLE TO RECEIVE BENEFITS IS
23 DISQUALIFIED FROM RECEIVING BENEFITS IF THE SECRETARY FINDS THAT:

24 (1) THE INDIVIDUAL FAILED TO SUBMIT IDENTIFICATION AS
25 REQUIRED UNDER § 8-901.1 OF THIS TITLE WHEN FILING AN INITIAL CLAIM; OR

1 **(2) THE IDENTITY OF THE CLAIMANT CANNOT BE VERIFIED BECAUSE**
2 **THE NAME OF THE CLAIMANT DOES NOT MATCH THE NAME ON THE IDENTIFICATION**
3 **SUBMITTED WITH THE INITIAL CLAIM.**

4 **(B) A DISQUALIFICATION UNDER THIS SECTION SHALL BEGIN WITH THE**
5 **FIRST WEEK THE CLAIMANT WOULD OTHERWISE BE ELIGIBLE TO RECEIVE BENEFITS**
6 **AND REMAIN IN EFFECT UNTIL THE CLAIMANT SUBMITS VALID IDENTIFICATION**
7 **THAT MATCHES THE NAME ON THE INITIAL CLAIM.**

8 **8-1011.**

9 **(A) AN INDIVIDUAL WHO IS OTHERWISE ELIGIBLE TO RECEIVE BENEFITS IS**
10 **DISQUALIFIED FROM RECEIVING BENEFITS IF THE SECRETARY CONDUCTS A**
11 **REVIEW REQUIRED UNDER § 8-501.1 OF THIS TITLE THAT RESULTS IN A**
12 **DETERMINATION THAT THE INDIVIDUAL SHOULD BE DISQUALIFIED DUE TO**
13 **SUSPECTED FRAUD.**

14 **(B) A DISQUALIFICATION UNDER THIS SECTION SHALL BEGIN WITH THE**
15 **FIRST WEEK THE CLAIMANT WAS OTHERWISE ELIGIBLE TO RECEIVE BENEFITS AND**
16 **REMAIN IN EFFECT FOR THE REMAINDER OF THE BENEFIT YEAR.**

17 **8-1301.**

18 A person, for that person or another, may not knowingly make a false statement or
19 false representation or knowingly fail to disclose a material fact to receive or increase a
20 benefit or other payment under this title or an unemployment insurance law of another
21 state, the federal government, or a foreign government.

22 **8-1302.**

23 An employer, its officer or agent, or another person may not:

24 (1) knowingly make a false statement or false representation or knowingly
25 fail to disclose a material fact to:

26 (i) prevent or reduce the payment of a benefit to an individual who
27 is entitled to the benefit;

28 (ii) avoid becoming or remaining subject to this title; or

29 (iii) avoid or reduce any contribution or other payment that is
30 required from an employer under this title; or

31 (2) willfully fail or refuse to:

- 1 (i) make a contribution or other payment;
- 2 (ii) submit a report that is required under this title;
- 3 (iii) produce records that are required under this title; or
- 4 (iv) allow those records to be copied or inspected.

5 8–1305.

6 (a) Unless another penalty is provided by statute, a person who willfully violates
7 a provision of this title or a regulation adopted under this title is guilty of a misdemeanor
8 and on conviction is subject to a fine not exceeding \$1,000 or imprisonment not exceeding
9 90 days or both.

10 (b) In addition to the penalty under subsection (a) of this section, a person who
11 violates § 8–1301 of this subtitle:

12 (1) shall make full restitution of the benefit unlawfully received and pay a
13 monetary penalty of ~~[15%]~~ **20%** of the benefit unlawfully received, including interest at a
14 rate of 1.5% a month on the total amount of restitution plus the monetary penalty from the
15 date the Secretary notifies the person of the amount to be recovered; **AND**

16 (2) shall be disqualified from receiving benefits for any week of
17 unemployment, including the week in which a determination is made that the individual
18 filed a claim involving a false statement, false representation, or failure to disclose a
19 material fact, until **10 YEARS AFTER THE LATER OF THE DATE THAT:**

20 (i) the Secretary determines that:

21 1. the benefit unlawfully received has been repaid in full; and

22 2. the monetary penalty of ~~[15%]~~ **20%** and interest at a rate
23 of 1.5% a month on the total amount of benefit unlawfully received plus the monetary
24 penalty have been paid in full; or

25 (ii) the Secretary determines that:

26 1. in the Secretary's sole discretion under § 8–809(f)(3) of this
27 title, the benefit unlawfully received and interest are uncollectible; and

28 2. the claimant has paid the ~~[15%]~~ **20%** monetary penalty in
29 full; and

30 (3) shall be disqualified from receiving benefits:

1 (i) if there were no other previous determinations made that the
2 individual violated § 8–1301 of this subtitle during the immediately preceding 4 benefit
3 years, for 1 year from the date on which a determination is made that the individual filed
4 a claim involving a false statement, false representation, or failure to disclose a material
5 fact;

6 (ii) if there were previous determinations made that the individual
7 violated § 8–1301 of this subtitle in only 1 of the immediately preceding 4 benefit years, for
8 2 years from the date on which a determination is made that the individual filed a claim
9 involving a false statement, false representation, or failure to disclose a material fact; and

10 (iii) if there were previous determinations made that the individual
11 violated § 8–1301 of this subtitle in more than 1 of the immediately preceding 4 benefit
12 years, for 3 years from the date on which a determination is made that the individual filed
13 a claim involving a false statement, false representation, or failure to disclose a material
14 fact].

15 8–1306.

16 **(A) IN THIS SECTION, “FINAL DETERMINATION” MEANS THE**
17 **DETERMINATION IN A MATTER AFTER THE EXHAUSTION OF ALL ADMINISTRATIVE**
18 **APPEALS AUTHORIZED UNDER THIS TITLE.**

19 **(B) (1) IF A FINAL DETERMINATION IS MADE THAT A PERSON HAS**
20 **COMMITTED A VIOLATION UNDER § 8–1301 OR § 8–1302(1) OF THIS SUBTITLE,**
21 **WITHIN 30 DAYS AFTER THE FINAL DETERMINATION IS MADE, THE SECRETARY**
22 **SHALL REFER THE MATTER TO THE APPROPRIATE FEDERAL, STATE, OR COUNTY**
23 **LAW ENFORCEMENT AGENCY FOR PROSECUTION.**

24 **(2) SUBJECT TO § 8–625(D)(1) OF THIS TITLE, WHEN REFERRING A**
25 **MATTER UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY SHALL**
26 **INCLUDE IN THE REFERRAL:**

27 **(I) THE NAME AND CONTACT INFORMATION ON RECORD OF THE**
28 **PERSON SUSPECTED OF THE VIOLATION; AND**

29 **(II) ANY OTHER INFORMATION REPORTED TO THE**
30 **DEPARTMENT OR IN THE DEPARTMENT’S POSSESSION RELATING TO THE**
31 **SUSPECTED VIOLATION.**

32 **(C) A prosecution under § 8–1301, § 8–1302, or § 8–1305(a) of this subtitle shall**
33 **be instituted within 3 years after the date on which the offense was committed.**

34 **(D) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO**
35 **VIOLATES § 8–1301 OF THIS SUBTITLE WHILE CONCURRENTLY EMPLOYED BY A**

1 GOVERNMENTAL UNIT OR A CONTRACTOR OF A GOVERNMENTAL UNIT AT THE TIME
2 THE FRAUDULENT CONDUCT LEADING TO A FINAL DETERMINATION WAS
3 COMMITTED.

4 (2) WITHIN 30 DAYS AFTER A FINAL DETERMINATION IS MADE, THE
5 SECRETARY SHALL NOTIFY THE INDIVIDUAL'S EMPLOYER OF THE FINAL
6 DETERMINATION.

7 (3) (I) ON RECEIPT OF A NOTIFICATION UNDER PARAGRAPH (2) OF
8 THIS SUBSECTION, IF THE INDIVIDUAL IS STILL EMPLOYED, THE EMPLOYER SHALL
9 INITIATE PROCEEDINGS TO TERMINATE THE INDIVIDUAL'S EMPLOYMENT.

10 (II) NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR
11 TERM OF A COLLECTIVE BARGAINING AGREEMENT, A VIOLATION OF § 8-1301 OF
12 THIS SUBTITLE MADE BY A FINAL DETERMINATION IS CONSIDERED GROUNDS FOR
13 IMMEDIATE TERMINATION.

14 Article – State Finance and Procurement

15 3-302.

16 (a) (1) Except as otherwise provided in subsection (b) of this section,
17 paragraph (2)(ii) of this subsection, or in other law, the Central Collection Unit is
18 responsible for the collection of each delinquent account or other debt that is owed to the
19 State or any of its officials or units.

20 (2) (i) Except as provided in subparagraph (ii) of this paragraph, an
21 official or unit of the State government shall refer to the Central Collection Unit each debt
22 for which the Central Collection Unit has collection responsibility under this subsection
23 and may not settle the debt.

24 (b) Unless, with the approval of the Secretary, a unit of the State government
25 assigns the claim to the Central Collection Unit, the Central Collection Unit is not
26 responsible for and may not collect:

27 (3) any unemployment insurance contribution or overpayment, EXCEPT
28 FOR AN OVERPAYMENT CAUSED BY FRAUD;

29 Article – Tax – General

30 13-913.

31 (a) (1) Except as provided in paragraph (2) of this subsection, for any debt not
32 excepted by law from the Central Collection Unit's responsibilities under Title 3, Subtitle

1 3 of the State Finance and Procurement Article or otherwise, the Central Collection Unit
2 may:

3 (i) certify to the Comptroller the existence of any debt that has been
4 referred to it for collection by a State agency; and

5 (ii) request the Comptroller to withhold the sum certified from any
6 income tax refund to which a debtor is entitled.

7 (2) A debt may not be withheld if the State agency or the Central Collection
8 Unit has been advised by the Attorney General that the validity of the debt is legitimately
9 in dispute or an alternate means of collection is pending and believed to be adequate.

10 (b) (1) The Department of Budget and Management shall establish by
11 regulation those classes or categories of debts, including any minimum debt amount, that
12 may be referred to the Central Collection Unit for withholding.

13 (2) Subject to § 13-918 of this subtitle, if more than one State agency is
14 owed money by the same debtor, any amount withheld from an income tax refund shall be
15 applied in the order of referral of the debt by the State agencies.

16 (c) (1) Subject to paragraph (2) of this subsection, the withholding of debt from
17 an income tax refund authorized by this part does not preclude use of any other remedy
18 provided by law for the collection of debts owed to the State and this part shall be liberally
19 construed to effectuate its purposes.

20 (2) This part shall be interpreted in a manner that does not deprive a
21 debtor of any rights or defenses that would be available to that debtor in defending against
22 a claim of setoff incident to a judicial proceeding.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2026.