

**Written Testimony to the Maryland Senate Finance Committee
SB 938 - Fraud Prevention and Worker Protections –
Prohibitions, Penalties, and Enforcement
March 5, 2025**

FAVORABLE

Chair Beidle and Members of the Committee, AFT Maryland supports SB 938 – Fraud Prevention and Worker Protections. This legislation is a critical step toward strengthening enforcement of fraud prevention and helps to ensure fair treatment of workers across Maryland.

This bill broadens the scope of the Maryland False Claim Act (MFCA) to cover unemployment insurance contributions and benefits claims. It prohibits false records or statements that lead to underpayment of unemployment insurance contributions or overpayment of benefits, ensuring that businesses and individuals do not exploit the system.

SB 938 also provides much-needed enhancements in labor law enforcement and fraud prevention:

1. **Prohibits False Records or Statements** that result in underpayment of unemployment insurance contributions or overpayment of unemployment insurance benefits.
2. **Establishes Civil Penalties and Restitution Measures** by requiring that penalties collected under the MFCA be deposited into the Unemployment Insurance Fund to provide restitution for affected workers when prevailing wage rates are not met.
3. **Strengthens Enforcement Mechanisms** for labor laws, including the Maryland Wage and Hour Law, Maryland Wage Payment and Collection Law, and prevailing wage laws.
4. **Creates the Worker Protection Unit** within the Office of the Attorney General to investigate and enforce worker protection laws.
5. **Prevents Waivers of Workplace Fraud Protections** by ensuring that private agreements cannot override workplace fraud laws or serve as a defense in civil actions.
6. **Mandates Licensing Consequences for Violators** by requiring licensing authorities to revoke or suspend licenses for specific workplace fraud violations.

SB 938 is an essential measure to protect Maryland's workforce, ensure fair wages, and prevent fraudulent practices that harm both workers and the state economy. I respectfully urge the committee to issue a favorable report on this bill. Thank you

