
MARYLAND DEPARTMENT OF LABOR TESTIMONY ON HOUSE BILL 1510

TO: Members of the Economic Matters Committee
FROM: Maryland Department of Labor (MD Labor)
DATE: March 11, 2026
BILL: Unemployment Insurance - Fraud Prevention, Detection, and Enforcement

MD LABOR POSITION: INFORMATIONAL

House Bill 1510 makes several changes to State law related to the prevention, detection, and enforcement of unemployment insurance (UI) fraud.

The bill increases the civil penalty for UI fraud from 15% to 20% of fraudulently obtained benefits and replaces the current tiered disqualification periods for fraud with a uniform 10-year disqualification from receiving benefits. Under the bill, this disqualification would begin only after repayment of benefits and penalties.

HB 1510 also establishes several new operational requirements for the Department, including:

- Prescribing specific investigative steps when claims are flagged for potential fraud based on duplicate bank accounts, mailing addresses, or IP addresses.
- Requiring multifactor authentication (MFA) for publicly accessible websites and online portals used to process UI benefits.
- Requiring the Department to submit an annual fraud prevention and enforcement report to the Governor and the General Assembly.
- Requiring the Secretary to refer all final fraud determinations to law enforcement for potential prosecution within 30 days.

Implementation of these provisions would require BEACON system modifications to support MFA and enhanced identity verification processes, with estimated vendor costs of approximately \$154,645. The bill would also require 10 additional staff positions to perform expanded identity verification reviews, fraud investigations, and related adjudications.

The Division of Unemployment Insurance already maintains fraud investigation staff, cross-matching procedures, and identity verification protocols implemented following the pandemic to detect and prevent fraudulent claims.

The Department notes that one provision of the bill may raise a federal conformity concern. The bill requires benefit payments to be immediately withheld when a claim is under review for suspected fraud. However, federal guidance generally requires notice and an opportunity for a
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hearing before benefits may be stopped for claimants who have already been determined eligible and are receiving ongoing benefits. Additional analysis will be required to ensure compliance with federal requirements.

Finally, the bill's requirement that all final fraud determinations be referred to law enforcement represents a change from current practice and may increase workload for local law enforcement agencies and State's Attorneys' Offices.

The Department respectfully requests the Committee consider this information as they evaluate HB1510.

For questions, please contact Andrew Fulginiti at Andrew.Fulginiti@maryland.gov