

Letter of Support

Senate Bill 60 – Fraud Prevention, Prevailing Wage, and Living Wage - Prohibitions, Penalties, and Enforcement

Finance Committee -- January 28, 2026

Dear Chair Beidle, Vice Chair Hayes, and Members of the Committee:

The Office of the Comptroller of Maryland respectfully supports Senate Bill 60, which strengthens fraud prohibitions and enhances enforcement mechanisms related to unemployment insurance contributions, prevailing wage, and living wage requirements.

Workplace fraud and worker misclassification are direct attacks on Maryland's fiscal stability and are primary drivers of the State's tax gap. As of the close of FY2024, Maryland faced more than \$3.6 billion in outstanding tax revenue. While our office has made significant progress—collecting \$800 million through audits in 2024 alone—closing the remaining gap requires the modern enforcement tools provided in this bill. The JETF 2025 Annual Report identified over \$36 million in unreported taxable wages last year, revenue that should be supporting Maryland's schools and infrastructure. Senate Bill 60 provides the critical tools needed to modernize our enforcement framework:

- **Expanding the False Claims Act:** By incorporating prevailing and living wage violations into the Maryland False Claims Act, the State can seek treble damages and civil penalties against those who knowingly defraud the government, providing a significant deterrent against large-scale tax evasion.
- **Strengthening Debarment Mechanisms:** As a member of the Board of Public Works (BPW), the Comptroller is responsible for the integrity of state procurement. Following the BPW's recent action in November 2025 to issue the first debarments in eight years, SB 60 strengthens this process by providing the statutory findings of fraud necessary for the BPW to effectively debar vendors who violate labor and tax laws.
- **Complementing Data-Driven Enforcement:** Since taking office, we have made strategic investments to improve the agency's enforcement capabilities, including allocating enhanced resources to our Fraud Detection & Business Intelligence unit and creating a dedicated High Value Audit team within our Compliance Division. SB 60 provides the legal framework to act on the insights these teams generate, ensuring that identified fraud is met with certain and swift consequences.

By integrating these violations into a robust fraud-prevention framework, SB 60 ensures that every dollar owed to the State is accounted for and that Maryland's law-abiding employers are not disadvantaged by those who skirt the law.

If you have any questions, please do not hesitate to reach Stephen Harrington, Head of Government Affairs at SHarrington@marylandtaxes.gov.

Sincerely,

Brooke Lierman
Comptroller of Maryland

