



SB 1580 Fraudulent misrepresentation deserves harsh punishment

Senate Committee on Labor and Business – Jody Wiser – 2.7.2024

My original testimony was based on the original bill, but in the reading today of the -6 amendment, I heard no mention of a penalty and learned that the penalties are already in the law – penalties you have perhaps not examined.

We commend legislators for taking on the issue of workers comps fraud and addressing it in this manner. Clarifying the language is a step in the right direction for dealing with this element of white-collar crime.

For smaller employers, the \$125,000 cap in the original bill would have sent a chilling message that would have likely deterred continuation of fraudulent misrepresentation of payrolls. A fee calculated based on what the employer should have paid and didn't, and the costs of investigation is not particularly punitive. It's a simple recovery. We can imagine that for some of the State's largest employers, that limit might be seen as the cost of doing business, given the small chance of being caught and the financial rewards for misreporting.

Many of the penalties in our State have not been changed in years and will not deter self-serving behavior. We hope you will examine the current financial penalties in the law and see if they are appropriate and will be effective.

We recommend you amend the bill to add a six- or ten-year sunset so that you will return to this issue with some historical evidence to see if the penalties are appropriate.

Fraud of this kind hurts all honest taxpayers and should be consistently deterred with enforcement and real penalties.

We read the bills and follow the money