

**SENATE BILL REPORT**

**SSB 5665**

**AS PASSED SENATE, MARCH 17, 1993**

**Brief Description:** Enacting the Washington state false claims act.

**SPONSORS:** Senate Committee on Law & Justice (originally sponsored by Senators Talmadge, Prentice and Moore)

**SENATE COMMITTEE ON LAW & JUSTICE**

**Majority Report:** That Substitute Senate Bill No. 5665 be substituted therefor, and the substitute bill do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, McCaslin, Nelson, Niemi, Roach, and Spanel.

**Staff:** Alan Caplan (786-7465)

**Hearing Dates:** February 26, 1993

**BACKGROUND:**

Every day, Washington State and local governments make payments to private individuals and businesses in connection with contracts and government programs. It has been reported that some of these payments have been made because the private parties furnished incorrect or intentionally misleading information to the governmental entities involved. However, because false claims often have been difficult to detect, governments have been unable to fully recover such payments.

It has been suggested that government losses attributable to false claims could be reduced if private parties were allowed to challenge false claims in court, on behalf of injured governmental entities, and then share in any damages that may be recovered.

**SUMMARY:**

A person who presents, or assists in the presentation of, a false claim that results in losses to a state or local governmental entity of at least \$1,000 is liable for a civil penalty of \$5,000, treble damages and costs.

A governmental entity that has sustained losses as a result of a false claim may bring a civil action, or a private party may initiate an action on the governmental entity's behalf. If a civil action is brought by a private party, the governmental entity has the option to take control of the action.

Procedures are established for the conduct of a false claims action jointly by the governmental entity and the private

party, if the governmental entity chooses to participate, and individually by the private party, if the governmental entity chooses not to participate.

A private party who brings a false claims action may receive up to 30 percent of the amount recovered by the governmental entity, depending on the party's degree of involvement in the action.

Remedies are provided to employees who suffer workplace discrimination or reprisals because of their participation in a false claims action.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

This bill will reduce false claims made against state and local governments and will allow governmental entities to recover amounts paid in connection with false claims.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Senator Talmadge, prime sponsor