

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1640  
Judiciary

(Carroll County Delegation)

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Carroll County - Local Government Tort Claims Act

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This bill removes the reference to Carroll County Senior Overland Service, Inc., t/a (trading as) Carroll Area Transit System from the definition of “local government” under the Local Government Tort Claims Act (LGTCA). The bill retains provisions of LGTCA that define local government to include a nonprofit corporation serving as the local public transportation authority for Carroll County.

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Fiscal Summary

**State Effect:** Potential minimal decrease in general fund revenues from reduced insurance premium tax revenues if the bill allows a nonprofit corporation serving as the local public transportation authority in Carroll County to obtain less expensive insurance. Expenditures are not affected.

**Local Effect:** Minimal decrease in expenditures for Carroll County if the bill reduces Carroll County transportation costs, as discussed below. Local revenues are not affected.

**Small Business Effect:** None.

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Analysis

**Current Law:** LGTCA defines local government to include counties, municipal corporations, Baltimore City, and various agencies and authorities of local governments such as community colleges, county public libraries, special taxing districts, nonprofit community service corporations, sanitary districts, housing authorities, and commercial district management authorities. The definition of “local government” under LGTCA includes a nonprofit corporation serving as the local public transportation authority for

Carroll County pursuant to a contract or memorandum of understanding with Carroll County (Carroll County Senior Overland Service, Inc., t/a Carroll Area Transit System).

Pursuant to Chapter 131 of 2015, for causes of action arising on or after October 1, 2015, LGTCA limits the liability of a local government to \$400,000 per individual claim and \$800,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions (including intentional and constitutional torts). It further establishes that the local government is liable for tortious acts or omissions of its employees acting within the scope of employment. Thus, LGTCA prevents local governments from asserting a common law claim of governmental immunity from liability for such acts of its employees.

**Background:** According to Carroll County, Carroll County Senior Overland Service, Inc., t/a Carroll Area Transit System is no longer the transportation provider in the county. The new provider is “Ride with Us,” a nonprofit corporation. According to the county, removal of the reference under LGTCA to the specific name of the transportation provider allows LGTCA to apply to the current provider and future providers without the need for additional changes to statute.

**State Revenues:** The State assesses a 2% tax on gross or renewal insurance premiums. Inclusion in LGTCA may allow the current transportation provider and future providers in Carroll County to save on insurance premiums. Thus, general fund revenues from insurance premium taxes may decrease minimally.

**Local Expenditures:** Carroll County advises that while it does not pay the insurance costs for the transportation provider directly, those costs are factored into the cost of the county’s contract with the provider. Carroll County did not provide information as to whether the bill results in the current provider being able to obtain less expensive insurance or the magnitude of any such decrease in insurance premiums. However, the Department of Legislative Services advises that historically, entities covered under LGTCA are able to obtain less expensive insurance coverage.

Thus, expenditures for Carroll County may decrease to the extent that the bill’s provisions allow the current provider and future transportation providers in Carroll County to obtain less expensive insurance.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 1167 (Senator Ready) - Judicial Proceedings.

**Information Source(s):** Carroll County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 22, 2016  
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