

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 466 (Delegates K. Kelly and Vallario)

Judiciary

Maryland Tort Claims Act - Limit on Liability

This bill increases the monetary limit for State liability for individual tort claims from \$100,000 to \$200,000.

Fiscal Summary

State Effect: Potential significant expenditure increase. No effect on revenues.

Local Effect: None.

Small Business Effect: Potential meaningful impact on small businesses.

Fiscal Analysis

State Expenditures: The State's liability for tort claims would double under the bill. Any increase in expenditures for claims resulting in a settlement or judgement would depend upon the number of cases and the amount of the claim. For example, there are approximately 25 tort claims each year against the State that are paid out at the maximum monetary limit of \$100,000. Assuming this number of cases remains constant and plaintiffs seek the full amount available under the bill, State expenditures would increase by \$2.5 million each year. The State Treasurer's Office advises that increasing the limits of liability could create more third-party suits and lead to a greater number of marginal claims. Any increase in the number of lawsuits brought against the State would increase expenditures for claims processing and legal costs for defending the State. The number of additional cases that may be brought cannot be determined at this time.

Small Business Effect: Revenues from settlements or judgements could increase for small legal firms that represent clients in claims against the State. The extent of any revenue

increase would depend upon the number of claims that are filed beyond the current monetary limits.

Information Source(s): State Treasurer's Office, Department of Legislative Services

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