

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 425 (Delegates Valderrama and Vallario)

Judiciary

Courts - State Tort Claims - Notice of Claim

This bill provides that, unless the defendant in a lawsuit under the State Tort Claims Act affirmatively shows that its defense has been prejudiced by the absence of the required submission of a written claim to the State Treasurer or designee within one year after the injury that is the basis for the claim, on a motion and for good cause shown, a court may allow the suit to proceed even if the written claim was not submitted.

Fiscal Summary

State Effect: Tort claim payments and agency liability insurance premiums could increase significantly. Under one scenario, costs could increase by \$500,000 annually.

Local Effect: It is expected that any increase in workload for the circuit courts resulting from the bill could be handled using existing resources.

Small Business Effect: Potential minimal.

Analysis

Background: State tort claim payments are administered by the State Treasurer's Office. State tort losses for fiscal 2001 are estimated at \$2.8 million. Agency premiums for fiscal 2001 are estimated at \$2.0 million.

Current Law: A claimant may not file suit under the State Tort Claims Act unless:

- the claimant submits a written claim to the State Treasurer or designee within one year after the injury to person or property that is the basis of the claim;
- the Treasurer or designee denies the claim finally; and
- the action is filed within three years after the cause of action arises.

State Fiscal Effect: The bill is expected to result in significant increases in State tort claim payments and agency liability insurance premiums. The State Treasurer's Office advises that in fiscal 1999, 50 claims were filed against the State after the Tort Claims Act's one year deadline. The State Treasurer's Office further advises that the average payment amount for a tort claim has recently been approximately \$20,000. Assuming that 25 claims would be allowed to proceed pursuant to the bill, and that each claim could be resolved for \$20,000, the additional costs resulting from the bill would be \$500,000 annually. The State Treasurer's Office does not anticipate the need to add additional personnel as a result of the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2000

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