

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTESenate Bill 433 (Senator Baker, *et al.*)

Judicial Proceedings

Judiciary

Local Government Tort Claims Act - Limits on Liability

This emergency bill clarifies that the monetary limits on the liability of a local government under the Local Government Tort Claims Act apply to claims against local governments when named as defendants. The bill applies to any claim for damages in a case pending on the bill's effective date and arising from events occurring on or after July 1, 1987.

Fiscal Summary

State Effect: None. The bill would not directly affect State operations or finances.

Local Effect: Potentially significant reduction in litigation/liability insurance expenditures for local governments.

Small Business Effect: Potential meaningful. Law firms that represent plaintiffs in tort actions against local governments, and small business plaintiffs, could receive lower litigation fees and damage awards as a result of the bill.

Analysis

Current Law: The Local Government Tort Claims Act provides that the liability of a local government may not exceed \$200,000 per an individual claim, and \$500,000 per total claims that arise from the same occurrence for damages resulting from tortious acts or omissions, including liability to provide a defense in tort actions against employees, liability to pay judgments in tort actions against employees, and liability to indemnify employees.

Background: On June 6, 2000, the Court of Appeals ruled in *Housing Authority of Baltimore City v. Bennett*, 359 Md. 356 (2000) that the Local Government Tort Claims Acts' caps on damages are inapplicable to a tort judgment against a local government. The caps do, however, apply to a judgment against an employee of a local government.

Local Expenditures: Prior to the issuance of the decision in the *Bennett* case, it was widely understood that the Local Government Tort Claims Acts' damage caps applied to local government defendants. As a result of the *Bennett* case, local governments' litigation exposure is expected to increase dramatically. The bill would therefore save local governments significant amounts of money in expenses related to lawsuits, including liability insurance premiums and self-insurance fund payments.

Additional Information

Prior Introductions: None.

Cross File: HB 942 (Delegate Taylor, *et al.*) – Judiciary.

Information Source(s): Baltimore City; Calvert, Caroline, Howard, Montgomery, and Prince George's counties; Maryland Municipal League; Department of Legislative Services

Fiscal Note History: First Reader – February 26, 2001
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