

**Department of Legislative Services
Maryland General Assembly
2007 Session**

FISCAL AND POLICY NOTE

House Bill 222
Judiciary

(Delegate Beitzel)

Judicial Proceedings

**Garrett County - Local Government Tort Claims Act - Inclusion of Specified
Nonprofit Entity**

This bill expands the definition of “local government” for purposes of the Local Government Tort Claims Act (LGTCA) to include the Garrett County Community Action Committee (GCCAC), the public transportation authority for Garrett County.

The bill may not be applied to any cause of action arising before the bill’s October 1, 2007 effective date.

Fiscal Summary

State Effect: Expenditures by GCCAC are expected to decrease by an estimated \$90,000 annually due to a reduced liability insurance premium. GCCAC is currently funded by a combination of federal, State, and local grants, and direct revenue. It is unclear how the reduced expenditures would be distributed among those various entities.

Local Effect: See above.

Small Business Effect: None.

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.

LGTCGA limits the liability of a local government to \$200,000 per individual claim and \$500,000 per total claims that arise from the same occurrence for damages from tortious acts or omissions (including intentional and constitutional torts). It further provides that the local government is liable for tortious acts or omissions of its employees acting within the scope of employment. It thus prevents local governments from asserting a common law claim of governmental immunity from liability for such acts of its employees.

The Maryland Associations, Organizations, and Agents Act limits the liability of nonprofit organizations that carry insurance meeting specified minimums. It provides that agents (directors, officers, trustees, employees, and volunteers) of those nonprofit organizations may not be held personally liable as long as the acts are made without malice or gross negligence. Liability is limited to the applicable limit of insurance coverage for acts or omissions made in the course of duties by the nonprofit entity or its agents.

Background: The Garrett County Community Action Committee, Inc. is private nonprofit organization that acts on behalf of the Board of Garrett County Commissioners to operate the Garrett Transit Service (GTS). GTS is Garrett County's public transportation system and paratransit service. GCCAC also provides transportation services in Garret County for Head Start, Early Head Start, medical transportation, adult day care, home meal delivery, senior programs, and special events. GTS is funded by a combination of State and federal grants, disbursements from the Garrett County Commissioners, and direct earned revenue.

The Carroll Area Transit System, which operates similarly to the GCCAC in Carroll County, was included in the definition of "local government" under LGTCGA by Chapter 186 of 2006.

State and Local Expenditures: Expenditures by GCCAC are expected to decrease by an estimated \$90,000 annually. As a result of the liability ceiling, GCCAC expects their insurance premium to decrease by approximately 60%. GTS is funded approximately 70% by federal and State grants administered by the Maryland Department of Transportation, 20% by Garrett County, and 10% by earned revenues and fees. GCCAC advises that it cannot determine at this time how much of the reduced expenditures will be passed on to each of these entities, but expects it to be roughly proportional to their current funding.

Additional Information

Prior Introductions: None.

Cross File: SB 229 (Senator Edwards, *et al.*) – Judicial Proceedings.

Information Source(s): Garrett County, Garrett County Community Action Committee,
Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2007
ncs/jr

Analysis by: Nicholas M. Goedert

Direct Inquiries to:
(410) 946-5510
(301) 970-5510