

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 106

(Senator Ready)

Judicial Proceedings

Judiciary

Carroll County - Local Government Tort Claims Act

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.

Fiscal Summary

State Effect: General fund revenues from insurance premium taxes decrease by \$1,400 in FY 2018 and by \$1,800 annually thereafter as a result of reduced insurance premiums. Expenditures are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	(\$1,400)	(\$1,800)	(\$1,800)	(\$1,800)	(\$1,800)
Expenditure	0	0	0	0	0
Net Effect	(\$1,400)	(\$1,800)	(\$1,800)	(\$1,800)	(\$1,800)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Expenditures for Carroll County decrease by \$67,500 in FY 2018 and by \$90,000 annually thereafter due to reduced insurance premiums for the county’s transportation provider. Local revenues are not affected.

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. The definition of “local government” under LGTCA includes the 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. According to the county, removal of the reference to the specific name of the transportation provider allows LGTCA to apply to the existing 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. Carroll County estimates that inclusion in LGTCA reduces insurance premiums/transportation costs by approximately \$90,000 annually. Thus, general fund revenues from insurance premium taxes decrease by \$1,800 annually. Due to the bill’s October 1, 2017 effective date, the decrease in general fund revenues totals \$1,350 in fiscal 2018.

Local Expenditures: Carroll County expenditures decrease by \$90,000 annually as a result of the transportation provider being able to acquire less expensive insurance due to inclusion under LGTCA. 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 estimates that insurance premiums for the current transportation driver decrease by \$3,000 per year per bus as a result of inclusion in LGTCA. The county contracts for 30 buses, thus decreasing county expenditures by \$90,000 per year. Due to the bill’s October 1, 2017 effective date, the decrease in county expenditures totals \$67,500 in fiscal 2018.

Additional Information

Prior Introductions: SB 1167 of 2016 passed the Senate and was referred to the House Rules and Executive Nominations Committee. No further action was taken on the bill. Its cross file, HB 1640, passed the House and was referred to the Senate Rules Committee. No further action was taken on the bill.

Cross File: None designated. However, HB 219 (Carroll County Delegation – Judiciary) is identical.

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

Fiscal Note History: First Reader - January 24, 2017
fn/kdm Third Reader - February 17, 2017

Analysis by: Amy A. Devadas

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