

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 199
Judiciary

(Dorchester County Delegation)

Local Government Tort Claims Act - Cambridge Waterfront Development, Inc.

This bill alters the definition of “local government” under the Local Government Tort Claims Act (LGTCA) to include the nonprofit corporation serving as the economic development authority of the City of Cambridge and Dorchester County pursuant to a contract or memorandum of understanding with the City of Cambridge and Dorchester County (Cambridge Waterfront Development, Inc. (CWDI)). The notice requirements under LGTCA contained in § 5-304 of the Courts and Judicial Proceedings Article do not apply to an action against CWDI. The bill applies prospectively only and may not be applied or interpreted to have any effect on or application to any cause of action arising before the bill’s effective date. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: The bill is not expected to materially affect State finances or operations.

Local Effect: Expenditures for Dorchester County and the City of Cambridge decrease, as discussed below. 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. 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). Separate liability limits for specified torts involving law enforcement officers take effect July 1, 2022.

LGTCA further establishes that the local government is liable for the 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 or omissions of its employees.

LGTCA contains specified notice requirements for actions for unliquidated damages against a local government or its employees. These requirements do not apply to actions against specified nonprofit corporations included in the definition of a “local government” under LGTCA.

Local Expenditures: Expenditures for Dorchester County and the City of Cambridge decrease due to reduced costs for insurance coverage and reduced future exposure to liability.

In 2018, the Cambridge City Council and Dorchester County Council formed CWDI, a nonprofit corporation responsible for the comprehensive planning and mixed-use redevelopment of properties along the Cambridge waterfront.

CWDI advises that it currently budgets \$9,000 per year for Directors and Officers Liability and Property and General Liability coverage. This is an increase of \$7,000 per year that was precipitated by CWDI’s acquisition of property in January 2022. CWDI expects these costs to increase further as the corporation expands its property acquisition and property development activities, with a current estimate of an additional \$10,000 for the next expansion of its insurance coverage. Inclusion of CWDI under LGTCA will generally decrease CWDI’s insurance costs and reduce its future exposure to liability. CWDI’s operational expenses are shared equally between Dorchester County and the City of Cambridge.

Additional Information

Prior Introductions: SB 955 of 2021 passed the Senate and was referred to the House Rules and Executive Nominations Committee. No further action was taken.

Designated Cross File: SB 18 (Senator Eckardt) - Judicial Proceedings.

Information Source(s): Dorchester County; Judiciary (Administrative Office of the Courts); Maryland State Treasurer's Office; Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2022
js/jkb

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