

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 194
Judiciary

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, 2023.**

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 went into effect on 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.

Dorchester County did not respond to requests for information regarding the fiscal impact of the bill. However, with respect to identical legislation introduced in 2022, CWDI advised that it budgets \$9,000 per year for Directors and Officers Liability and Property and General Liability coverage. This was an increase of \$7,000 per year that was precipitated by CWDI’s acquisition of property in January 2022. CWDI expected these costs to increase further as the corporation expands its property acquisition and property development activities, with an estimate in 2022 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: Similar legislation has been introduced within the last three years. See SB 18 and HB 199 of 2022 and SB 955 of 2021.

Designated Cross File: SB 301 (Senator Mautz) - Judicial Proceedings.

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

Fiscal Note History: First Reader - February 14, 2023
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Analysis by: Amy A. Devadas

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