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MAYOR

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HB 0526

February 18, 2026

TO: Members of the House Judiciary Committee

FROM: Nina Themelis, Director of the Mayor's Office of Government Relations

RE: House Bill 526 – Civil Actions – Settlement Agreements – Payment and Release

POSITION: UNFAVORABLE

Chair Bartlett, Vice Chair Davis, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** House Bill (HB) 526 – Civil Actions – Settlement Agreements – Payment and Release.

HB 526 would impose timeline requirements on the civil lawsuit settlement process that are not appropriate for a governmental defendant like Baltimore City. The bill would require defendants to: 1) provide a proposed release to a plaintiff within 10 days of agreeing orally or in writing to a settlement amount; and 2) pay the settlement amount to the plaintiff within 15 days after the plaintiff returns the executed release. If the plaintiff does not agree to extend these deadlines, interest will begin to accrue on the settlement amount if the defendant cannot meet them.

Baltimore City is self-insured, meaning it pays for settlements of tort claims against it from City funds. In Baltimore City, there is an exhaustive set of processes and decision points required to formally approve a proposed settlement with a plaintiff and then to finally issue payment. The timeline between a tentative settlement understanding with a plaintiff and formal approval of a settlement agreement is typically beyond 10 days. Moreover, claims can involve co-defendants and cross claims, which can further lengthen the amount of time it takes to produce a final settlement agreement.

Additionally, the City's Board of Estimates still must review a settlement once it has been agreed to between the parties but prior to the City having full authorization to pay. Once a proposed settlement is formally approved, the amount of time it takes for payment to issue is dependent on other processes and procedures. That process would be undermined by this legislation. Although the City continually strives to improve its payment issuance platform, the 15-day timeline will not always be feasible.

These fiscal process realities also make it inappropriate to impose interest accrual on settlements where the City cannot meet these timelines due to the logistical constraints outlined above. The BCA appreciates the intent of the legislation in providing for timely payments for settlements in civil lawsuits, however, the timelines as provided in SB 526 are simply not feasible for a large governmental defendant such as Baltimore City.

For these reasons, BCA respectfully requests an **unfavorable** report on HB 526.

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