



TESTIMONY

COMMITTEE: House Judiciary

DATE: February 18, 2026

POSITION: Unfavorable

BILL: House Bill 526

The Maryland Municipal League respectfully opposes House Bill 526. Municipalities resolve tort claims in good faith and are committed to honoring settlement agreements once reached. Prompt and fair resolution of claims serves the interests of both claimants and local governments. However, HB 526 imposes rigid procedural mandates and automatic financial penalties that do not account for the statutory governance, approval, and fiscal control structures under which municipalities operate.

The bill requires settling defendants to provide a proposed release within 10 days of reaching a settlement and to issue payment within 15 days after receipt of executed releases or court approval. While these timelines may be feasible for private businesses or insurance carriers, municipalities operate within formal public approval frameworks that often include governing body authorization, public meeting requirements, executive sign-off, coordination with insurers or self-insurance pools, and internal finance processing. These steps are not discretionary; they are legally required components of public decision-making and fiscal stewardship.

To meet the bill's compressed timelines, municipalities may need to schedule special meetings, accelerate legal review, or engage outside counsel, potentially increasing administrative costs. In some cases, settlement approval may require placement on a public meeting agenda that cannot be adjusted within the statutory timeframe. The bill effectively forces local governments to restructure internal governance and financial processes to comply with a state-imposed deadline.

Additionally, the bill mandates that settlement amounts accrue interest at the legal judgment rate if payment deadlines are not met, and this interest may not be waived. For self-insured jurisdictions, this creates automatic fiscal exposure borne directly by local taxpayers. The interest penalty applies regardless of whether any delay results from required public approvals or administrative processes outside the control of staff.

HB 526 does not distinguish between private commercial defendants and public entities operating under statutory approval requirements. Existing law already provides remedies if settlement agreements are breached. The League is concerned that the bill's one-size-fits-all mandate creates unnecessary fiscal risk and administrative burden for municipalities without demonstrable evidence of systemic delay in public settlement payments. For these reasons, the Maryland Municipal League respectfully requests an unfavorable report on House Bill 526.

For more information relating to this piece of testimony, please contact:

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MML represents 161 local governments and about 2 million Maryland residents.