

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 54
Ways and Means

(Delegate Reilly)

Education – Harford County – Liability of School Bus Contractors

This bill establishes that an entity operating a school bus under a contract with the Harford County Board of Education to provide student transportation services may not be held liable beyond the limits of the entity’s insurance coverage under the contract with the school board through the Maryland Association of Boards of Education in any suit that arises from (1) a vehicular accident or (2) an act or omission of an officer, a director, or an employee of the entity. However, this limitation does not apply if the act or omission constitutes (1) gross negligence; (2) reckless, willful, or wanton misconduct; or (3) intentionally tortious conduct. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: The bill does not materially affect Harford County Public School System finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: Each local school board must carry comprehensive liability insurance to protect the board and its agents and employees. The State Board of Education must establish standards for these insurance policies, including a minimum liability coverage of at least \$400,000 for each occurrence.

Pursuant to § 5-518(b) of the Courts and Judicial Proceedings Article, a local school board may raise the defense of sovereign immunity to any amount claimed above the limit of its insurance policy or, if self-insured or a member of a specified insurance pool, above \$400,000. However, a local school board may not raise the defense of sovereign immunity to any claim of \$400,000 or less.

Additional Information

Prior Introductions: SB 755 of 2020, as amended, passed the Senate and was referred to the House Ways and Means Committee, but no further action was taken.

Designated Cross File: SB 129 (Senator Gallion) - Education, Health, and Environmental Affairs.

Information Source(s): Harford County; Judiciary (Administrative Office of the Courts); Maryland State Department of Education; Department of Legislative Services

Fiscal Note History: First Reader - January 19, 2021
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