

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 955

(Senator Eckardt)

Judicial Proceedings

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.). The notice requirements under LGTCa contained in § 5-304 of the Courts and Judicial Proceedings Article do not apply to an action against the Cambridge Waterfront Development, Inc. (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, 2021.**

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). It 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 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 \$1,700 per year for limited insurance (Directors and Officers Liability coverage). However, as CWDI begins to acquire and develop property, which is expected in 2021, CWDI will have to purchase additional insurance coverage (property and general liability). CWDI estimates that the initial expansion of its insurance coverage will cost \$10,000 to \$20,000; CWDI expects these costs to increase further as the corporation expands its property acquisition and property development activities. 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: None.

Designated Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Cambridge Waterfront Development, Inc.; *Dorchester Star*; Maryland State Treasurer's Office; Department of Legislative Services

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