



## House Bill 378

### *Local Government Tort Claims Act – Definition of Local Government*

MACo Position: **SUPPORT**

To: Judiciary Committee

Date: January 15, 2021

From: Michael Sanderson

The Maryland Association of Counties (MACo) **SUPPORTS** HB 378. This bill adds one additional entity to a list of those performing governmental services outside the formal local government structure, to be covered under the Local Government Tort Claims Act.

The MACo Pooled OPEB Trust is a vehicle designed and formed by and for local governments to collaborate in their effort to invest current funds toward long term liabilities, specifically for employee health insurance coverage. For counties and other local governmental units, such a financial plan is widely viewed positively as a best practice, and the pooled Trust enables Maryland local governments to do so while sharing overhead costs. In essence, this Trust serves the same function that an investment committee of a larger government might accomplish on its own.

HB 378 seeks to specify that this Pooled Trust, clearly performing a governmental function on behalf of its member units, is itself a covered entity under Maryland's Local Government Tort Claims Act. This would ensure that the government employees are insured by the Trust for their actions in this specific capacity, and that the entity receives the same treatment as other governments and comparable entities under the State's tort laws.

The more immediate case for HB 378 is that this clarification would allow the Pooled Trust to receive its insurance through yet another instrument of Maryland local governments, the Local Government Insurance Trust (LGIT). Under LGIT's forming documents, it may only serve members that are under the Local Government Tort Claims Act, as its underwriting and rate-setting structure is wholly predicated on those laws. HB 378 would enable insurance for the Pooled Trust that is closer to home, and more affordable, since LGIT more clearly understands the limited role of an admittedly peculiar entity.

HB 378 would treat a specific pooled investment trust as a governmental entity, and allow it to receive insurance coverage tailored to its limited scope, saving its member jurisdictions some overhead costs and promoting this best practice. For these reasons, MACo **SUPPORTS** HB 378 and urges a **FAVORABLE** report.