



House Bill 526

Civil Actions - Settlement Agreements - Payment and Release

MACo Position: **OPPOSE**

To: Judiciary Committee

Date: February 18, 2026

From: Sarah Sample

The Maryland Association of Counties (MACo) **OPPOSES** HB 526. This bill requires the settling defendant in a tort action for money damages to provide a proposed release to a plaintiff within 10 days and to pay all sums due to a plaintiff under a settlement agreement within 15 days. Additionally, it establishes the accrual of interest on settlement sums if those binding standards are not met. County governments are frequent deep-pocket targets for lawsuits and must proceed carefully to ensure the accurate and responsible handling of such cases. The new standards put forth by HB 526 would be impossible for county governments to meet, and potentially very costly as resource-limited governments honor their public participation processes to effect these payments.

Counties take no issue with the general intent to expedite the recovery of money damages to prevailing plaintiffs in a case, particularly with the private sector. However, this bill as drafted overlooks the necessary constraints of the fiscal and operational processes of local governments. The approval and oversight standards required in handling taxpayer dollars during the execution of government and public business are necessary to ensure public trust in the management of public funds and service delivery. The 10- and 15-day timelines for the release and transfer of what can, in some instances, be hundreds of thousands – or even millions – of dollars, is unworkable.

For background, when a county is a settling defendant, the process for release – depending on the case – can take weeks of negotiation. To meet the standard in the bill, jurisdictions would need to pay substantial sums in overtime fees or pay outside counsel at premium rates, to meet the deadline – assuming the negotiating party has the time available to meet this standard as well, which is not often the case, particularly if the initial proposal is countered. If it is a longer negotiation by plaintiff necessity, then the county has no option but to be in violation of this standard, and by no fault of their own.

On the subject of settlement payments, there are binding standards in litigated negotiations and local statute that govern the release of settlement funds. For example, almost all local government executives, commissions, and councils are required to approve all releases and settlements, because these are procedures that constitute good governance. These bodies often meet every 14 days. So, not only would local governments need to pass local laws changing these timelines – if even possible – but they would also need to overhaul internal financial management procedures. These processes are necessarily cautious to ensure local government professionals have time to exercise prudence and

accuracy in the management of public funds. HB 526 would fast-track these processes, opening up opportunities for error needlessly.

To meet the deadlines in the bill, counties would need to forgo wise standards to almost certainly compromise the integrity of existing financial procedures adopted by local governments. In doing so, they would, by no fault or intent of their own, incur interest payments on late settlements as the bill demands, which would transfer another undue burden to local taxpayers.

The current process for the release and settlement of these claims is sufficient to balance justice, integrity in governance, and taxpayer impact. HB 526 would severely erode the operations and efficiency of current procedures but extend no additional justice. Accordingly, MACo urges an **UNFAVORABLE** report on HB 526.