

Testimony Prepared for the
Senate Political Subdivisions Committee

Thursday, February 18, 2021

By: Terry Traynor, NDACo Executive Director



RE: Engrossed House Bill 1057 – Government Liability

Mr. Chairman and members of the Political Subdivisions Committee, thank you for the opportunity to address Engrossed House Bill 1057, on behalf of North Dakota's counties.

You have likely heard the history of government liability; the elimination of sovereign immunity in the 1970's, the lack of insurance carriers willing to underwrite public risk, the creation of the North Dakota Insurance Reserve Fund and the subsequent creation of the State Risk Pool. It has been a long and challenging road to provide adequate protection for our taxpayers and just compensation for those harmed by governmental actions.

We believe that the Legislature, local officials, the state risk pool, and our insurance fund have worked well in periodically considering these chapters of Century Code, adjusting limits when appropriate, as was done to the "per occurrence" limit in 2015. And we have not been alone in this review, as may have been mentioned, the current liability limits for local government were also reviewed and upheld by the Supreme Court in 2018.

This Committee understands better that most that increasing these limits will have the effect of increasing state and county government costs. And raising costs, for local government at least, prompts one of two outcomes – higher property taxes or reduced services in other areas. For this reason, when the Legislature considered a similar bill last Session, with much more significant changes, NDACo, along with other groups, urged a thorough review of liability limits across the board, so that the state risk pool and the NDIRF could better determine the effects of such a change.

We believe that the conservative changes proposed in HB1057, while very likely increasing governmental costs, are reasonable and continue the balance of taxpayer protection and just compensation. Mr. Chairman and Committee Members, on behalf of our state's counties we agree with this measured approach to adjusting government liability limits and support a Do Pass recommendation at the levels proposed.