

CITIZEN-DRAFTED BILL CB-602

Requested: August 30, 2025

Suggested assignment to: Judicial Proceedings

AN ACT concerning

Directors, officers – Personal liability

FOR the purpose of holding directors and officers personally liable for willful and wanton violation of laws when mediation has failed, or when the OAG or courts have determined that the public interest outweighs protections normally afforded to volunteer elected officials.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Bold indicates matters for general awareness, usually existing law that provides key context for the bill.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Courts and Judicial Procedures

5-422

(a) In this section, “governing body” has the meaning stated in § 14-118 of the Real Property Article.

(b) Subject to the provisions of subsection (c) of this section, a person sustaining an injury as a result of the **tortious act of an officer or director** of a governing body while the officer or director is acting within the scope of the officer’s or director’s duties may recover only in an action brought against the governing body for the actual damages sustained.

(c) In a proceeding against a governing body, a director or officer of a governing body may not be held personally liable for injuries sustained by a party if the director or officer:

- (1) Acted within the scope of the director’s or officer’s duties;
- (2) Acted in good faith; and

(3) Did not act in a reckless, wanton, or grossly negligent manner.

(d) (1) Except as provided in paragraph (2) **OR (3)** of this subsection, a claimant shall name only the governing body as a party defendant.

(2) **EXCEPT FOR CASES BROUGHT BY THE OFFICE OF THE ATTORNEY GENERAL, AN** [An] officer or director of a governing body may be named individually only when the governing body for which the officer or director was acting cannot be determined at the time an action is instituted under this section.

(3) **EXCEPT FOR CASES BROUGHT BY THE OFFICE OF THE ATTORNEY GENERAL, IF** [If] an officer or director is named as an individual defendant under this section, the governing body for which the officer or director was acting shall be substituted as the party defendant when its identity reasonably can be determined.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.