

LOCAL FINANCE NOTICE

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IMPORTANT NEW YEAR 2000 LIABILITY LAW

On December 20, 1999 Governor Whitman signed an important piece of Legislation that affect all local government units. P.L. 1999, c.287 (A-2511) provides civil immunity to public entities for damages resulting from damages computer failure in certain circumstances.

The Statement accompanying P.L. 1999, c.287 notes that "there is increasing concern over the approach of the year 2000 and the potential problems which may exist as some computer chips fail to function properly because they are unable to read the year 2000 as being distinguished from the year 1900. While virtually every level of government has and is making an effort to identify the systems that may present operational problems, it is most unlikely that all will be identified and even more unlikely that the problems will have been corrected before December 31, 1999."

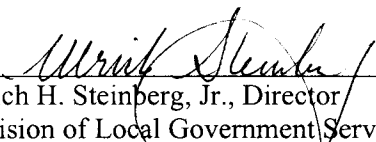
The Statement goes on to predict that "the probable result is that thousands of tort claims will be asserted against the State, counties, municipalities, and public authorities and agencies for everything ranging from the potential failure of traffic signals, alarm systems, water and sewer systems, communications systems and elevators to the malfunctioning of computers containing financial information and other records." Thus, the bill's intent is to, in addition to existing tort protection, provide that a public entity could not be held liable in any civil action for damages resulting from the failure of a computer system to accurately or properly recognize or calculate dates or times.

The text of the law is as follows:

"Notwithstanding any provision of law to the contrary, a public entity, public employee, bi-state governmental entity of which the State of New Jersey is a member, or an employee of such an entity, shall not be liable in any civil action for damages resulting from or caused directly or indirectly by the failure of computer hardware or software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times."

The law took effect immediately. Local officials anticipating the need for this protection should consult with appropriate counsel and insurance carriers.

Recipients should bring this Notice to the attention of the appropriate officials in their organization.


Ulrich H. Steinberg, Jr., Director
Division of Local Government Services

Distribution: Authority Executive Directors and Boards of Fire Commissioners