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Growing judgments against cities are helping bust budgets.

One of the underlying narratives of this year's Los Angeles wildfires is that just before the flames broke out, the city had cut fire department funding during a budget crunch. What drove that fiscal emergency? Hundreds of millions in unexpected legal payouts. This year alone, lawsuit liabilities will [cost the city](#) more than the wildfires themselves.

But Los Angeles isn't alone. A wave of litigation—unleashed by bad legislation, unfavorable court rulings, and officials' eagerness to settle—is driving liability costs sky-high in cities across the country. New York City [paid out](#) nearly \$2 billion in claims last fiscal year, a one-year jump of almost \$500 million. Chicago's payouts are [nearly double](#) what the city budgeted for settlements and judgments. Because most cities are self-insured, it's taxpayers who ultimately foot the bill.

Los Angeles illustrates how a mix of factors, including a state law that makes it easier to sue, has driven payouts to new heights. In 2018, California [passed legislation](#) allowing workers to file claims for harassment or a hostile work environment based on a single incident. Backed by a powerful group of plaintiffs' attorneys, the law has triggered a surge of lawsuits against municipalities. Over the past five years, the LAPD alone has had to pay \$68.5 million in settlements to its own employees. The city's police chief has accused officers of turning the disciplinary system into a litigation lottery, where even a single reprimand can lead to a harassment claim and a payout.

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