

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3934-01
Bill No.: SB 633
Subject: Civil Procedure; Liability
Type: Original
Date: February 10, 2020

Bill Summary: This proposal modifies the statute of limitations for personal injury claims from five years to two years.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue (appropriation reduction to LEF for cost avoidance)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Other State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Legal Expense Fund*	\$0	\$0	\$0
Tort Victims Compensation Fund	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

* Indicates numbers that net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of the Attorney General (AGO)** and **Office of the State Courts Administrator** assume this proposal will have no fiscal impact.

The Department of Labor and Industrial Relations' website says "The Tort Victims' Compensation Fund exists to help compensate those who have been injured due to the negligence or recklessness of another (such as in a motor vehicle collision or a hunting accident), and who have been unable to obtain full compensation because the party at fault (the tortfeasor) had no insurance, or inadequate insurance, or has filed for bankruptcy, or for other reasons specified by the law."

Tort Victims Compensation Fund (TVCF) - \$0 to (unknown)

Oversight notes that under §537.675.3, 50% of the punitive damage state judgments, after deducting attorney's fees and expenses, shall go into the Tort Victims' Compensation Fund (0622). Because this proposal tends to reduce punitive damages awards by reducing the time frame to file suit, Oversight assumes a negative direct fiscal impact to the Tort Victims Compensation Fund.

Information provided by the Attorney General shows that between July, 2014, and December, 2019, the Tort Victims Compensation Fund received \$20,043,083. During that period, average annual payments into the Tort Victims Compensation Fund were \$3,644,197.

Oversight does not know how many cases affected by this proposal would not be brought because of the change in the statute of limitations. It could be up to an annual direct fiscal impact of \$0 to (\$3,644,197) to the tort victims compensation fund.

The AGO does not track the types of claims paying into the TVCF, so this number is likely an overestimate, as it includes claims not affected by this proposal. Because **Oversight** was unable to get more specific information about the number of claims filed between two and five years after the claim arose, Oversight will show a \$0 to (unknown) to the TVCF.

Legal Expense Fund (LEF) - \$0 to unknown

"The State Legal Expense Fund (LEF) is used for payments in resolution of judgments or claims for damages from injured parties arising out of the actions of state employees, agencies, contracted physicians, and the condition of state property." *Audit Report No. 2017-098*

ASSUMPTION (continued)

Oversight notes the Legal Expense Fund pays damages arising from personal injury claims. Information from the Office of Administration (OARM) shows that the LEF spent \$14,900,000 on personal injury and wrongful death claims in FY 2015-2018. The annual average of those claims is \$3,725,000.

According to information from OARM, 20% of the LEF's funds comes from other state funds, implying \$0 up to \$3,725,000 annually reduced LEF expenditures, with \$2,980,000 through General Revenue appropriations, and \$745,000 from other funds.

Oversight notes that these numbers are likely an overestimate, as it includes claims that could be brought within two years. Because **Oversight** was unable to get more specific information about the number of claims filed between two and five years after the claim arose, Oversight will show a \$0 to unknown net direct fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
 GENERAL REVENUE			
<u>Cost Savings</u> - potential reduction on pay outs of personal injury damages from LEF	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
 OTHER STATE FUNDS			
<u>Cost Savings</u> - Potential reduction in payments to Legal Expense Fund	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
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LEGAL EXPENSE FUND (0692)

<u>Cost Avoidance</u> - potential reduction on pay outs of injury damages from LEF	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Transfer in</u> - Reduction in appropriation from GR	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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<u>Transfer in</u> - Reduction in transfers from other state funds	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
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ESTIMATED NET EFFECT ON LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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TORT VICTIMS COMPENSATION FUND

<u>Loss</u> - Various State Agencies - potential reduction from pay outs of punitive damages to TVCF	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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ESTIMATED NET EFFECT ON TORT VICTIMS' COMPENSATION FUND	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)	<u>\$0 to</u> (Unknown)
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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LOCAL POLITICAL SUBDIVISIONS

<u>Cost Savings</u> - Reduction in injury damages paid	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to</u> <u>Unknown</u>	<u>\$0 to</u> <u>Unknown</u>	<u>\$0 to</u> <u>Unknown</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

TORT/ PERSONAL INJURY STATUTE OF LIMITATIONS

This proposal reduces the time to file a lawsuit to collect damages for “injuries to the person or rights of another, not arising on contract and not herein otherwise enumerated” from five years to two.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Office of the Attorney General
Offices of the State Courts Administrator



Julie Morff
Director
February 10, 2020



Ross Strobe
Assistant Director
February 10, 2020