

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 390** SLS 18RS 7

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 11, 2018 1:13 PM	Author: CLAITOR
Dept./Agy.: Executive / Office of Risk Management	Analyst: Willie Marie Scott
Subject: Judgments	

SUITS AGAINST STATE. OR INCREASE GF EX See Note Page 1 of 1
Provides for the order of payment of judgments and compromises against the state, subject to funding. (gov sig)

The proposed law retains the present law but to the extent that appropriated funds are available to pay final nonappealable judgments or compromises which are in compliance with the procedures for the payment of such judgments or compromises. It further provides the following order in which judgments or compromises should be paid, with the oldest judgments or compromises being paid first: 1) compromised lawsuits less than \$100,000; 2) final nonappealable judgment less than \$100,000; 3) compromised lawsuits between \$100,000 and \$250,000; 4) final nonappealable judgment between \$100,000 and \$250,000; 5) compromised lawsuits in excess of \$250,000; and 6) nonappealable judgments in excess of \$250,000. The state agency or department which is found to be at fault shall pay 5% of the judgment from its appropriated funds; and authorizes the JLCB to allow changes to the order set forth in the proposed law on a case-by-case basis.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

According to the Office of Risk Management (ORM), claims involving uninsured losses resulting in a judgment or compromise would be subject to the proposed legislation; including road hazard claims against DOTD, claims that exceeds ORM's self-insured retention, and compromises and judgments as a result of a policy exclusion. Each of the aforementioned requires a specific appropriation. Currently, once a compromise or judgment is appropriated and review of documents, ORM submits a request to the Treasury for payment. ORM indicates delaying the payment of some judgments will increase the amount of interest the State is obligated to pay. While the proposed legislation provides for JLCB to change the order of payment on a case-by-case basis, ORM indicates this will also result in a delay of 30 days or more.

The Treasury indicates most judgments were paid from SGF. According to DOA supporting documents, FY 15 was the last actual disbursement for judgments at approximately \$8.9 M, of which 80% were less than \$100,000, 7% between \$100,000 and \$250,000, and 13% in excess of \$250,000. **Note:** There are currently 265 unpaid judgments totaling approximately \$29.56 M (excluding interest) of which 12.3% is less than \$100,000, 18.4% is between \$100,000 and \$250,000, and 69.3% is in excess of \$250,000.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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