

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 390** SLS 18RS 7
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 16, 2018 9:25 AM	Author: CLAITOR
Dept./Agy.: Executive / Office of Risk Management	
Subject: Judgments	Analyst: Willie Marie Scott

SUITS AGAINST STATE. EG 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 final nonappealable judgments or compromises cannot be paid from the Self-Insurance Fund, any appropriated funds made available to pay such judgments or compromises shall be allocated in the following order with the oldest judgments or compromises being paid first in each category: 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. It further provides that the amount for each judgment and compromise shall include judicial interest. 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	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
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	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
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 269 unpaid judgments totaling approximately \$125.41 M (excluding interest) of which 3% is less than \$100,000, 3.7% is between \$100,000 and \$250,000, and 93.3% is in excess of \$250,000. There is one lawsuit (filed 4/6/1984) still outstanding which includes the original award amount of \$91,824,721 minus \$6.5 M paid into an escrow account that plaintiffs have not accessed; and an estimated \$233,683,575 in interest. Approximately \$12,579 in interest daily will be accrued for a projected \$3.8 M in additional interest for the remainder of the calendar year.

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}

Evan Brasseaux

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