

CIVIL PROCEDURE

LEGISLATIVE FISCAL OFFICE Fiscal Note

Fiscal Note On: **SB** 3 SLS 201ES

Author: CONNICK

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Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.: Sub. Bill For.:

Date: June 9, 2020 9:22 AM

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Dept./Agy.: Office of Risk Management/Attorney General/Supreme

Subject: Litigation Reduction Act

Analyst: Rebecca Robinson

Provides for the Litigation Reduction Act. (1/1/21)

Proposes to extend the prescription period for delictual actions from one year to two years. It also proposes to lower the jury threshold from \$50,000 to \$20,000.

OR SEE FISC NOTE GF EX

Effective January 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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	2020-21	2021-22	2022-23	2023-24	2024-25	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

There will be an indeterminable increase to the Office of Risk Management (ORM), and indeterminable impacts to the Louisiana Supreme Court (LSC), and the Attorney General (AG) as a result of the reduction in the jury threshold and the change in prescription period.

ORM reports an indeterminable impact associated with the lowering of the jury threshold as it is unknown whether this would lead to an increase or decrease in jury trials; and/or an increase or decrease in settlements. ORM indicates that the prevailing opinion is that defendants experience a greater opportunity for a fair trial before a jury. Thus, the expansion of the availability of jury trials may lead to more settlement of cases involving significant injuries, possibly lowering the expenditures of ORM. However, the lowering of the jury threshold could lead to an increase in jury trials actually conducted, which would increase the expenditures of ORM due to increased attorney's fees and associated litigation costs. Therefore, any expenditure increase or decrease to ORM is indeterminable at this time.

There will be an indeterminable increase in expenditures to ORM as a result in the change in the prescription period. ORM indicates that often the first time they receive knowledge of a claim is when a lawsuit is filed. Currently, in such a case, up to a year has elapsed since the time of the incident. Under the proposed legislation, up to two years could elapse before ORM is notified of an incident. This extension of time adversely affects ORM and its ability to effectively and timely investigate claims against the State and impairs ORM's ability to identify and secure/preserve relevant evidence and witness testimony. The delay in investigating claims may lead to ORM having to compromise certain claims that it otherwise would have been able to defend.

The AG's office reports there will be an increase in expenditures as a result of the reduction of the jury threshold and the extension of the prescriptive period. The AG indicates that virtually all of their cases would be eligible for a jury trial with the reduction in the jury threshold; and that they will also see an increase in jury trials as a result of the extension of the prescriptive period. As a result, the AG anticipates a need for increased staffing levels: a total of 12 attorneys, 6 paralegals, and 6 secretaries (with associated operating expenses and acquisitions) for a total of \$2.4 M annually.

REVENUE EXPLANATION

There is no anticipated direct material effect on gover

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

<u>Senate</u> 13.5.1 >=	<u>Dual Referral Rules</u> \$100,000 Annual Fiscal Cost {S & H}	House	Evan	Brasseaux
	\$500,000 Annual Tax or Fee	6.8(G) >= \$500,000 Tax or Fee Increase	Evan Brasseaux	(



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CONTINUED EXPLANATION from page one:

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It is unknown how many cases will actually qualify for a jury trial; how many will actually go to trial; and the extent to which it increases the AG's workload. The LFO recognizes a potential workload adjustment for the AG as a result of the lower jury threshold; however, the LFO is unable to substantiate the level of resources need by the AG's office. Further, the AG's office did not provide any information on how the additional staff needed due to the change in prescription period was derived.

Based on information received from the LSC, district judges anticipate the lowered jury trial threshold will result in increased requests for jury trials, which are docketed in a limited manner. As a result, the increased demand for jury trials may lead to a delay in trials and backlogged dockets, potentially necessitating more judgeships which would require funding via the SGF. However, because the extent to which there will be additional trials as a result of the proposed law is indeterminable, the overall effect it will have on dockets, and the prospective need for additional judgeships is similarly indeterminable.

The Louisiana Supreme Court reports an indeterminable impact as a result of the change in the prescription period as they cannot determine if the change will increase or decrease the number of trials.

<u>Senate</u> 13.5.1 >=	<u>Dual Referral Rules</u> \$100,000 Annual Fiscal Cost {S & H}	House $6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}$	Evan	Brasseaux
13.5.2 >=	\$500,000 Annual Tax or Fee Change {S & H}	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Evan Brasseaux Staff Director	(