

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0703-02
Bill No.: HCS for HB 121
Subject: Office of Administration; Liability; State Departments
Type: Original
Date: March 30, 2007

Bill Summary: The proposal limits the liability for any claim against the state or its public entities and employees involving a motor vehicle operated within the scope of employment or for any claim arising out of any dangerous condition of property the agent, officer, or employee allegedly caused.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	More than \$100,000	More than \$100,000	More than \$100,000
Total Estimated Net Effect on General Revenue Fund	More than \$100,000	More than \$100,000	More than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Road	More than \$100,000	More than \$100,000	More than \$100,000
Conservation	More than \$100,000	More than \$100,000	More than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	More than \$100,000	More than \$100,000	More than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	More than \$100,000	More than \$100,000	More than \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Administrative Hearing Commission**, and the **Department of Labor and Industrial Relations** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of the Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources. Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, or if the not-for-profit that will be eligible for coverage under the State Legal Expense Fund is involved in multiple lawsuits, the AGO will need to request additional staff to handle the increase in workload.

Officials from the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on the courts.

Officials from the **Office of Administration – General Services Division** assume the proposed changes would allow for a reduction to the state legal expense fund payment made in accordance with Section 536.600 by any payment that has been made by a public entity. Potential savings cannot be determined at this time. COA has reflected the savings to the general revenue fund, as general revenue funds the state legal expense fund.

Oversight assumes the savings to the General Revenue fund has the potential of exceeding \$100,000 per fiscal year.

Officials from the **Department of Transportation (MoDOT)** assume the current statute does not provide limits of liability to department employees in tort actions. This legislation would protect the self-insurance fund and the state legal expense fund by limiting the liability to the pre-determined cap. The actual savings could be a large amount.

Oversight assumes the savings to the Road fund has the potential of exceeding \$100,000 per fiscal year.

Officials from the **Department of Conservation (MDC)** assume this proposed legislation could have a positive impact on MDC funds by capping the financial liability for tort claims beyond the current protections. The exact amount of impact is unknown.

ASSUMPTION (continued)

Oversight assumes the savings to the Conservation fund has the potential of exceeding \$100,000 per fiscal year.

Officials from the **City of Centralia** assume the proposal would have an unpredictable effect on liability insurance premiums. Officials assume the insurance premiums would increase for the extra exposure. Officials assume the increase would be less than \$1,000 per year.

Officials from the **City of Kansas City (CKC)** assume they will realize savings, both direct and indirect, as a result of this bill. The amount is unable to be determined as it depends on the number and types of claims filed against CKC and/or its ambulance service provider during the fiscal year. Based on averages, CKC would expect to realize an annual savings of at least \$700,000 due to the provision making CKC's liability for operation of a motor vehicle vicarious to the liability of the vehicle's operator. CKC would also expect to realize an indirect savings in its expenditures for ambulance services due to the provision granting the provider sovereign or governmental tort immunity.

In response to a previous version of the proposal (HB 121, LR # 0703-01), officials from **St. Louis County** assumed the proposal could result in potential saving of money in those cases where employees are immune from liability; this would give vicarious immunity to the county, contrary to a recent court opinion disclaiming such vicarious immunity.

Officials from **Texas County** assume the proposal will not have a negative affect on the county's general revenue fund.

Oversight assumes cities and counties have the potential for a savings as a result of this proposal in the form of decreased liability. Oversight assumes the statewide savings to cities and counties could exceed \$100,000 per fiscal year.

Officials from **St. Charles County Ambulance District, Taney County Ambulance District, and Valle Ambulance District** did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Savings</u> – Office of Administration			
Reduced liability	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
ROAD FUND			
<u>Savings</u> – Department of Transportation			
Reduced liability	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
CONSERVATION FUND			
<u>Savings</u> – Department of Conservation			
Reduced liability	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

POLITICAL SUBDIVISIONS

Savings – Cities and Counties

Reduced liability

More than
\$100,000

More than
\$100,000

More than
\$100,000

**ESTIMATED NET EFFECT ON
POLITICAL SUBDIVISIONS**

More than
\$100,000

More than
\$100,000

More than
\$100,000

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation expands the definition of public entity to include not-for-profit organizations that provide ambulance services. The proposal also limits the liability for any claim against the state or its public entities and employees involving a motor vehicle operated within the scope of employment or for any claim arising out of any dangerous condition of property the agent, officer, or employee allegedly caused. The maximum liability for all claims against entities or employees will be \$2 million; the liability for any one person is limited to \$300,000. The maximum award for any claim brought against an agent, officer, or employee of the state arising out of the same accident will be reduced by any amount paid toward the claim by the state, its public entities, any agents, officers or employees, or any person acting on their behalf.

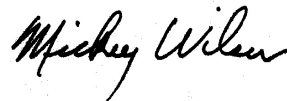
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Office of Administration
 – General Services Division
 – Administrative Hearing Commission
Office of State Courts Administrator
Department of Transportation
Department of Labor and Industrial Relations
Department of Conservation
City of Centralia
City of Kansas City
St. Louis County
Texas County

NOT RESPONDING

St. Charles County Ambulance District
Taney County Ambulance District
Valle Ambulance District



Mickey Wilson, CPA
Director
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