

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0547H.01P
 Bill No.: Perfected HB 68
 Subject: Civil Procedure; Courts; Contracts and Contractors
 Type: Original
 Date: February 19, 2025

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 2026	FY 2027	FY 2028
General Revenue (appropriation reduction to LEF for cost avoidance)*	\$0	\$0	\$0 to Unknown
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0 to Unknown

* The potential fiscal impact represents the potential reduction in exposure to liability claims. Oversight assumes the cost avoidance could possibly reach \$250,000 in FY 2028.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Other State Funds	\$0	\$0	\$0 to Unknown
Legal Expense Fund*	\$0	\$0	\$0
Tort Victims' Compensation Fund**	\$0	\$0	\$0 or Unknown to (Unknown)
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0 or Unknown to (Unknown)

*Indicates numbers that net to zero.

** Potential loss in punitive damage awards could exceed \$250,000 per year.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

HA 1 – Title Change

Oversight assumes HA 1 will have no fiscal impact as it only changes the title of the bill.

§§516.120 & 516.140 – Statutes of Limitations

Officials from the **Office of Administration** state §516.140 changes the statute of limitation for personal injury claims from five years to two years. This has the potential to avoid costs to the State Legal Expense Fund (LEF) for actions alleging personal injury, due to the much shorter proposed limitations period applicable to such actions.

Oversight notes the state self-assumes its own liability under the state LEF, §105.711, RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

In response to the previous version of this proposal, officials from the **Department of Labor and Industrial Relations** and the **Office of the State Courts Administrator** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight notes the following information regarding the Statute of Limitations on Personal Injury Lawsuits by State:

TVCF (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. In addition, Oversight assumes this proposal would also potentially reduce the payouts from the TVCF by reducing the time frame to file suit.

Oversight notes the following information from the Fund Activity Report from the State Treasurer’s Office regarding the activity of the Tort Victims Compensation Fund:

TORT VICTIMS’ COMPENSATION FUND (0622)		
	<u>Receipts</u>	<u>Expenditures</u>
FY17	\$490,737	\$492,366
FY18	\$8,646,386	\$351,559
FY19	\$549,781	\$8,187,611
FY20	\$10,210,475	\$1,254,331
FY21*	\$484,962,509	\$10,268,153
FY22	\$500,401	\$125,236,329
FY23	\$1,251,859	\$86,423,521
FY24	\$46,244,765	\$31,602,309
FY25 (thru Dec. 2024)	\$581	\$0
Source: State Treasurer’s Fund Activity Report		
* Includes receipt of \$482,374,994 from Johnson & Johnson from FY21 (largest ever received)		

Oversight also notes that according to the Department of Labor and Industrial Relations’ website, the chart below shows the payout amounts for years 2016 through 2022 with an average payout amount of \$22,238,143 annually from the Tort Victims Compensation Fund (TVCF).

History of Payments from the Tort Victims Compensation Fund

Tort Victims Compensation Fund Payout Monies from 2016-2022

	2016	2017	2018	2019	2020	2021	2022
	\$1.792M	\$881K	\$2.999M	\$4.697M	INSF*	\$72.9M**	\$59.4M***

* Insufficient funds to pay claims. Full amount of awards (\$13M) paid in 2022.

** Fund balance sufficient to pay total awarded amounts of \$72.9M

** Available appropriation allowed for 40% pro rata payment. (Oversight took claim award total of \$148M x 40%).

Oversight notes the above payments were for claims within those years and not necessarily paid out in those years. **Oversight** does not know how many cases affected by this proposal would not be brought because of the change in the statute of limitations.

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*

Information from the Office of Administration, Risk Management (OA/RM) shows that the LEF spent \$31,603,280 on personal injury and wrongful death claims in FY 2017-2024. The annual average of those claims is \$3,950,410. In addition, 20% of the LEF’s funds comes from other state funds, implying \$0 up to \$3,950,410 annually in reduced LEF expenditures, with \$3,160,328 through General Revenue appropriations, and \$790,082 from other state 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. Additionally, Oversight assumes if there are actually any savings, the amount could exceed \$250,000 per year

Oversight notes in §516.140 (3) and (4) that this legislation is for actions that accrue on or after August 28, 2025. The actions for personal injury or bodily injury or actions relating to uninsured/underinsured motorist coverage must be brought within two years from the date of injury. So if an injury occurred on August 28, 2025, this proposal would require the action to be brought no later than August 28, 2027. Therefore, it is possible any cost savings would not be realized until FY 2028. Therefore, Oversight will reflect this in FY 2028.

HA 2 - §537.046 – Civil Actions for childhood sexual abuse

In response to similar legislation from the current session (HB 114), officials from the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Office of the Secretary of State** and the **Office of the State Courts Administrator** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Bill as a whole, as amended

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Corrections**, the **Department of Revenue**, the **Department of Social Services**, the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Public Defender** and the **Missouri Office of Prosecution Services** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Cost Savings</u> – potential reduction on payouts of personal injury damages from LEF (§§516.120 & 516.140)	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>
OTHER STATE FUNDS			
<u>Cost Savings</u> – potential reduction in payments to Legal Expense Fund (§§516.120 & 516.140)	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LEGAL EXPENSE FUND (0692)			
<u>Cost Avoidance</u> – potential reduction on payouts of injury damages from LEF (§§516.120 & 516.140)	\$0	\$0	\$0 to Unknown
<u>Transfer In</u> – Reduction in appropriation from GR (§§516.120 & 516.140)	\$0	\$0	\$0 to (Unknown)
<u>Transfer In</u> – reduction in transfers from other state funds (§§516.120 & 516.140)	\$0	\$0	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TORT VICTIMS’ COMPENSATION FUND			
<u>Cost Avoidance</u> – potential reduction of payouts from reduced statute of limitations (§§516.120 & 516.140)	\$0	\$0	\$0 to Unknown
<u>Loss</u> – potential reduction in income from reduced punitive damage transfers to TVCF (§§516.120 & 516.140)	\$0	\$0	\$0 to (Unknown)
ESTIMATED NET EFFECT ON TORT VICTIMS’ COMPENSATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0 or Unknown to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost Savings</u> – Potential reduction in injury damages paid (§§516.120 & 516.140)	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0 to Unknown</u>

FISCAL IMPACT – Small Business

Small businesses could be either positively (defendant) or negatively (plaintiff) impacted as a result of this proposal. (§§516.120 & 516.140)

FISCAL DESCRIPTION

Currently, actions for personal injury or bodily injury or relating to uninsured motorist coverage or underinsured motorist coverage must be brought within five years from the date the injury occurred. This bill reduces the time frame to two years from when the injury occurred. (§§516.120 & 516.140)

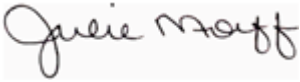
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

- Attorney General’s Office
- Department of Commerce and Insurance
- Department of Elementary and Secondary Education
- Department of Health and Senior Services
- Department of Mental Health
- Department of Corrections
- Department of Labor and Industrial Relations
- Department of Revenue
- Department of Public Safety - Missouri Highway Patrol
- Department of Social Services
- Office of Administration
- Office of the Secretary of State

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Office of the State Public Defender
Missouri Office of Prosecution Services
Office of the State Courts Administrator

A handwritten signature in cursive script that reads "Julie Morff".

Julie Morff
Director
February 19, 2025

A handwritten signature in cursive script that reads "Jessica Harris".

Jessica Harris
Assistant Director
February 19, 2025