

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5078H.01I
Bill No.: HB 1718
Subject: Liability; Civil Penalties; Civil Procedure; Insurance - General
Type: Original
Date: January 23, 2026

Bill Summary: This proposal modifies provisions relating to limitations on awards for certain liability claims against public entities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

***Oversight** has no information to suggest that the reduction in liability awards resulting from the limitations provided by this legislation would exceed the \$250,000 threshold. Therefore, Oversight assumes savings will not reach that threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State and Federal*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Legal Expense **	\$0	\$0	\$0
Colleges and Universities*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

***Oversight** has no information to suggest that the reduction in liability awards resulting from the limitations provided by this legislation would exceed the \$250,000 threshold. Therefore, Oversight assumes savings will not reach that threshold.

**Savings and losses net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Various – transfer to Legal Expense Fund**	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

***Oversight** has no information to suggest that the reduction in liability awards resulting from the limitations provided by this legislation would exceed the \$250,000 threshold. Therefore, Oversight assumes savings will not reach that threshold.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§537.610 – Limitations on Awards for Certain Liability Claims

Officials from the **Office of Administration (OA)** state this legislation could be a potential cost savings to the state Legal Expense Fund by limiting the award to the liability limit of the year when the accident or occurrence happened.

Oversight notes because this bill could result in a potential savings to the State, Oversight will show a net \$0 direct fiscal impact for the LEF and a possible \$0 or Unknown fiscal impact to General Revenue and other state funds. Oversight notes the potential savings described by OA could also apply to colleges and universities, federal funds, as well as local political subdivisions as the LEF does not cover costs for local political subdivisions or colleges and universities in most cases. For fiscal note purposes only, Oversight will range savings from \$0 or Unknown for all funds.

Oversight does not have any information to suggest that potential cost saving resulting from this proposal would go over the \$250,000 threshold at this time. Therefore, Oversight will assume the unknown impact will not reach that threshold.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight received additional information from the SOS. Officials state that although this proposal does not contain rulemaking provisions, language in the proposal provides that the SOS shall publish the information as soon after January first as practicable.

Officials from the **Department of Commerce and Insurance** and **Office of the State Courts Administrator** 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 for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Savings</u> – Various State Agencies (\$537.610) Reduction in contributions to the Legal Expense Fund to pay liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
OTHER STATE FUNDS			
<u>Savings</u> – Various State Agencies (\$537.610) Reduction in transfers to the Legal Expense Fund to pay liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
LEGAL EXPENSE FUND			
<u>Savings</u> – All State Agencies (\$537.610) Potential reduction in payouts in liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<u>Loss</u> – (\$537.610) Potential reduction in transfers-in from other funds to cover payouts of liability awards p.3	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
COLLEGES AND UNIVERSITIES			
<u>Savings</u> - (\$537.610) Potential reduction in liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITIES	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
FEDERAL FUNDS			
<u>Savings</u> - (\$537.610) Potential reduction in transfers to the Legal Expense Fund to cover costs of payouts in liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> – (\$537.610) Potential reduction in payouts in liability awards p.3	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill modifies §537.610, RSMo, by specifying that the applicable liability limit for a claim against the State or political subdivision is the limit in effect on the date of the accident or occurrence giving rise to the claim.

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

Department of Commerce and Insurance

Office of Administration

Office of the State Courts Administrator

Office of the Secretary of State



Julie Morff

Director

January 23, 2026



Jessica Harris

Assistant Director

January 23, 2026