

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6518H.011  
 Bill No.: HB 2865  
 Subject: Civil Procedure; Fees; Courts; Administrative Law  
 Type: Original  
 Date: March 31, 2026

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Bill Summary: This proposal modifies the definition of "reasonable fees and expenses" as it relates to administrative proceedings or civil actions arising from administrative proceedings.

**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)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers to the Legal Expense Fund to pay increase in attorney fees assumed to exceed \$250,000 annually.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Legal Expense*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*Transfers-in and payouts net to \$0.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*Transfers to the Legal Expense Fund to pay increase in attorney fees.

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Attorney General's Office** and **Office of the State Courts Administrator** did not respond to **Oversight's** request for a statement of fiscal impact for this proposal.

### §536.085 – Definition of “Reasonable Fees and Expenses” Relating to Administrative Proceedings

Officials from the **Office of Administration (OA)** state §536.085 has the potential to increase costs to the state Legal Expense Fund (LEF) due to the removal of the \$75 cap per hour for reasonable attorney fees. The potential cost increase is unknown and cannot be estimated as it would depend on the facts and circumstances of each case and judicial interpretation of the changes.

**Oversight** notes that the proposal excludes local political subdivisions from the definition of “state”. Therefore, Oversight assumes this excludes colleges and universities as well and that neither local governments nor colleges and universities would be subject to the provisions of removing the \$75 per hour cap for reasonable attorney fees. Oversight will reflect possible costs to all state funds (including federal funds for transfers to the LEF). For fiscal note purposes only, Oversight will range costs from \$0 to (Unknown) for all funds. It is further assumed the annual impact could exceed \$250,000.

In response to similar legislation, HB 179 (2025), officials from the **Office of Attorney General (AGO)** assumed 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 **Office of Administration - Administrative Hearing Commission** and **Department of Labor and Industrial Relations** 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.

In response to similar legislation, HB 179 (2025), officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Transfer-out – To Legal Expense Fund (\$536.085) For increase in payouts of legal fees p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Transfer-out – To Legal Expense Fund (\$536.085) For increase in payouts of legal fees p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
<b>LEGAL EXPENSE FUND</b>			
<u>Transfer In – From General Revenue (\$536.085) For increase in payouts of legal fees p.3</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer-In – From Other State and Federal Funds (\$536.085) For increase in payouts of legal fees p.3</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost - (\$536.085) Payouts related to increase in legal fees p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE LEGAL EXPENSE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>FEDERAL FUNDS</b>			
<u>Cost - (\$536.085) Increase transfers to Legal Expense Fund for legal fees p.3</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill repeals from the definition of "reasonable fees and expenses", as it relates to civil actions or agency proceedings, the prohibition on attorneys being awarded more than \$75 per hour unless the court determines that a special factor justifies a higher fee.

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 Administration - Administrative Hearing Commission  
 Office of Administration  
 Department of Labor and Industrial Relations



Julie Morff  
 Director  
 March 31, 2026



Jessica Harris  
 Assistant Director  
 March 31, 2026