

HCS HB 3347 -- POLITICAL SUBDIVISIONS

SPONSOR: Murphy

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Commerce by a vote of 5 to 2.

The following is a summary of the House Committee Substitute for HB 3347.

This bill regulates contingent fee contracts used by political subdivisions for legal services.

To enter a contract, the governing body must hold a public meeting with a notice detailing the reasons for pursuing the matter, the qualifications of the attorney or firm, any existing relationships between the political subdivision and the attorney or firm, why internal resources or hourly contracts are inadequate, and how the arrangement benefits residents of the political subdivision.

The governing body must also make a written finding that there is substantial need for the legal services, that they cannot be adequately performed internally, and that they cannot be reasonably obtained from attorneys under a different type of payment structure. The contract must then be approved in an open meeting.

A contingent fee contract must ensure that the political subdivision maintains ultimate control over the case, that final approval is reserved by the political subdivision, and that contingency fees have the same limits set for state contingency fee legal services contracts.

Before becoming effective and enforceable, the political subdivision must obtain approval of the contract from the Attorney General (AG). The political subdivision must provide relevant documents related to its decision to enter into the contract to the AG.

Within 45 days after the political subdivision provides this information to the AG, the AG must approve or refuse to approve the contract. Reasons the AG may refuse to approve the contract are provided in the bill.

For enforcement, the AG may intervene in judicial or quasi-judicial proceedings involving non-compliant contracts to request

dismissal without prejudice. If the court or quasi-judicial body concludes the contract for legal services does not comply with this section, then the court must dismiss the matter without prejudice.

The bill also contains a grandfather clause which provides that nothing contained in Section 67.5500, RSMo, will apply to any law suit brought prior to August 28, 2026, and will proceed unless the AG intervenes.

Further, under Section 311.038 this bill preempts local regulation of alcohol sales and gives the state exclusive authority over the container size, fluid ounces per container, the alcohol content, and the number of containers allowed per transaction. This Section also provides that any existing or future local laws, ordinances, or regulations attempting to control those same aspects are null and void as of the effective date.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill provides clear requirements for political subdivisions when signing contracts with lawyers. The supporters of the bill also said that having the AG approve lawsuits and contracts will mitigate any issues or disputes over attorney's fees.

Testifying in person for the bill were Representative Murphy; Southern Glazer's Wine and Spirits LLC; Missouri Petroleum & Convenience Association; Molson Coors Beverage Company USA LLC; Missouri Association of Beer Wholesalers; Andrew Cook, American Tort Reform Association; and Arnie Dienoff.

OPPONENTS: Those who oppose the bill say that the local governments should be allowed to make their own decisions and not have the State intervene in every lawsuit the local government files. Some opponents to the bill raised concerns regarding the language in the bill, specifically how the bill does not address current contracts between local governments and lawyers.

Testifying in person against the bill were Missouri Association of Trial Attorneys; Missouri Municipal League; Missouri Association of Counties; and Municipal League of Metro St. Louis; and Steven Berezney.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.