

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6855

BILL NUMBER: SB 296

NOTE PREPARED: Jan 24, 2006

BILL AMENDED: Jan 19, 2006

SUBJECT: Punitive Damages.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR: Rep. Foley

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill permits the Attorney General's office to negotiate and compromise the portion of a punitive damages award that is to be paid to the state. The bill also provides that the state's interest in a punitive damages award is effective when a finder of fact announces a verdict that includes punitive damages.

Effective Date: July 1, 2006.

Explanation of State Expenditures: This bill could increase the costs of the Attorney General's office (AG). The bill permits, but does not require, the AG to negotiate and compromise portions of judgments that involve punitive damage awards that are to be paid to the state. Therefore, the cost increase to the AG will be determined by the number of negotiations the AG chooses to enter into. It is estimated that these negotiations could be carried out using existing staff and resources.

Explanation of State Revenues: This bill could increase revenue to the Violent Crime Victims Compensation Fund (VCVC Fund). The amount of the increase is indeterminable.

Under current law, when punitive damages are awarded in a civil action, the punitive damages are supposed to be distributed 25% to the person to whom the damages were awarded and 75% to the VCVC Fund. The VCVC Fund, under current law, does not receive a distribution until there is a final judgment. Therefore, in some cases, the VCVC Fund receives no money if between the announcement of the verdict and the entrance of final judgment there is a settlement between the person awarded the punitive damages and the person required to pay the punitive damages.

By requiring payment of punitive damages upon announcement of the verdict and allowing the AG to negotiate and compromise on behalf of the state's interest, this bill could increase the amount of punitive damage payments distributed to the VCVC Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Attorney General.

Local Agencies Affected:

Information Sources:

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