

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6377**

**BILL NUMBER:** HB 1432

**NOTE PREPARED:** Dec 16, 2002

**BILL AMENDED:**

**SUBJECT:** Tort and Civil Rights Claims.

**FIRST AUTHOR:** Rep. Lawson L

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill makes a governmental entity liable for punitive damages under the law concerning tort claims against governmental entities and public employees.

The bill also requires a governmental entity to pay any judgment, compromise, or settlement of a civil rights claim if a public employee is or could be subject to personal civil liability for a loss occurring because of a noncriminal act or omission within the scope of the public employee's employment that violates the civil rights laws of the United States.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** *Punitive Damages:* Making governmental entities liable for punitive damages could increase the amount of damages the state is required to pay in the settlement of tort claims against the state. The combined aggregate liability of all awards against a governmental entity would continue to be limited by the caps required in statute. The combined liability of governmental entities cannot exceed \$300,000 for the injury or death of one person in an occurrence and \$5 M in damages to all persons in that occurrence. The impact of the proposal is currently unquantifiable as it will depend upon the specific nature of future claims and lawsuits made against governmental entities.

The Office of the Attorney General reports that \$3.3 M was paid in FY 2002 as a result of tort claims submitted and tort claim lawsuits filed against the state. This amount includes tort claims paid at the time of claim submission, settlements upon the filing of lawsuits, and claims paid as a result of a court order. It also includes cases in both federal and state court.

*Civil Rights Claim:* The bill removes the discretion of the Governor, in the case of a state employee, and a governing body, in the case of a political subdivision, of paying a judgement, compromise, or settlement in certain civil rights claims. This provision will potentially increase the liability of the state and governing bodies in these cases.

With few exceptions, the Governor's office has typically approved civil rights settlements reached between the state and a claimant.

*Background on Punitive Damages:* State law limits punitive damage awards to three times the amount of compensatory damages awarded in an action or \$50,000. If a punitive damage award exceeds these limitations, the court is required to reduce the award to these limits. A quarter of the punitive damage award is provided to the person to which it was awarded, and 75% of the award is deposited in the Violent Crime Victims Compensation Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local governmental entities would be subject to the provisions in this bill.

**Explanation of Local Revenues:**

**State Agencies Affected:** Attorney General's Office; Governor's Office.

**Local Agencies Affected:** All.

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