

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2604 - SB 2541

March 10, 2024

SUMMARY OF BILL: Increases, from \$300,000 to \$1,250,000 per claimant, the amount of damages the state is liable for causes of action arising in tort. Eliminates the \$1,000,000 liability per occurrence for causes of action arising in tort.

FISCAL IMPACT:

**Increase State Expenditures – \$570,000/FY24-25 and Subsequent Years
/Risk Management Fund**

Assumptions:

- Pursuant to Tenn. Code Ann. § 9-8-307(e), the state is liable for damages up to \$300,000 per claimant and \$1,000,000 per occurrence for causes of action arising in tort.
- Increasing the per claimant liability maximum will increase state expenditures, paid from the Department of Treasury's Risk Management Fund.
- Based on information provided by the Treasury, three claims have been settled with the state paying the claimant the maximum \$300,000 over the past five years.
- For the purposes of this analysis, it is assumed each of these claimants would be awarded the \$1,250,000 maximum had the proposed legislation been enacted.
- It is further assumed there will be three claims settled with the maximum amount awarded over each five-year period; therefore, the estimated annualized increase in state expenditures from the Risk Management Fund will be \$570,000 $\{[(\$1,250,000 \times 3 \text{ claimants}) - (\$300,000 \times 3 \text{ claimants})] / 5\}$ in FY24-25 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner".

Krista Lee Carsner, Executive Director

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