

Joint Committee on Ways and Means

Carrier – House: Rep. Shields
Carrier – Senate: Sen. Brown

Revenue: No revenue impact

Fiscal: No fiscal impact

Action: Do Pass the A-Engrossed Measure

Vote: 16 – 0 – 5

House – Yeas: Galizio, Garrard, Hanna, Jenson, Morgan, Nolan, Shields
– Nays:

– Exc: D. Edwards, Nathanson

Senate – Yeas: Bates, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Carter, Gordly, Winters

Prepared By: Dawn Farr, Legislative Fiscal Office

Meeting Date: 6/21/07

WHAT THE MEASURE DOES: Permits a person with legal custody of a minor to settle a claim on behalf of the minor without court approval, if the amount of the claim is \$25,000 or less.

ISSUES DISCUSSED:

- Fiscal impacts
- Submitted testimony

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Minors, in most instances, are unable to enter into binding contracts. A byproduct of this rule is that minors cannot settle lawsuits or potential lawsuits, because a settlement is simply a contract. Under current law, a minor who wishes to settle a claim must undertake complicated and expensive procedures to do so; they must ask a court to appoint a conservator, who then must file—if a settlement is approved by the court—an annual accounting of any funds that the minor might obtain in the settlement. For claims that are not worth much money, these transaction costs can be especially high in relation to the amount of the settlement. HB 3083 would establish that when a minor has a legal claim against another person, and a court has not appointed a conservator for the minor, a person with legal custody of the minor may settle the claim without court approval if: (1) the amount of the claim is \$25,000 or less; (2) the funds are paid into a savings account in the minor's name; and (3) the custodian attests that the minor will be fully compensated by the settlement or there is no practical way to obtain additional funds. The bill also provides that the legal custodian is not liable to the minor for claims arising out of the settlement if he or she acts in good faith.