

STAFF MEASURE SUMMARY

House Committee On Consumer Protection and Government Effectiveness

Fiscal: Has minimal fiscal impact

Revenue: No Revenue Impact

Action Date: 02/04/16

Action: Do Pass.

Meeting Dates: 02/02, 02/04

Vote:

Yeas: 5 - Fagan, Holvey, Hoyle, McLain, Rayfield

Nays: 3 - Buehler, Nearman, Stark

Prepared By: Victoria Cox, Committee Administrator

WHAT THE MEASURE DOES:

Increases \$500,000 limit on noneconomic damages recoverable in wrongful death actions and other statutorily created causes of action to \$1.5 million. Directs State Court Administrator to adjust limit annually on noneconomic damages, beginning in 2017. Specifies method by which administrator must make adjustment. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Similarity to 2009 measure that passed the House, but not the Senate
- 1999 Oregon Supreme Court ruling that eliminated the cap on noneconomic damages in injury cases
- Inequitable impact on cases involving women and parents who don't work outside the home
- Contingent fee arrangements
- Potential effect on insurance rates
- Unknown impact on settlement agreements
- Results of similar legislation in neighboring states

EFFECT OF COMMITTEE AMENDMENT:

No amendment.

BACKGROUND:

ORS 31.710, enacted in 1987, limits the amount awarded for noneconomic damages in wrongful death and other actions to \$500,000. House Bill 2802 (2009), which would have raised the cap to \$1.5 million, passed the House of Representatives by a vote of 55 to 4 but failed in the Senate. If the cap had been raised since its establishment to account for inflation, it would be over \$1 million today.

House Bill 4136 raises the limit to \$1.5 million. The measure further provides that beginning in 2017 and annually thereafter, the State Court Administrator will adjust the limit based on the percentage increase or decrease in the cost of living for the previous calendar year as reported in the U.S Department of Labor's Consumer Price Index.