

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1242 – SB 1360

March 26, 2013

SUMMARY OF ORIGINAL BILL: Grants the Commissioner of the Department of Financial Institutions (DFI) the power to enforce any provision of Tennessee Code Annotated, Title 47, against any entity regulated by the Commissioner.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$31,300/One-Time/DFI
\$2,031,600/Recurring/DFI

SUMMARY OF AMENDMENT (005478): Deletes all language after the enacting clause. Establishes requirements to be fulfilled by lawsuit funders engaged in lawsuit funding. Establishes prohibitions for lawsuit funders engaged in lawsuit funding. Requires lawsuit funding contracts to contain specified disclosures, which constitute material terms of the contract. Subjects lawsuit funding contracts and application materials to civil discovery. Establishes that any violation of this chapter will make the contract unenforceable by the lawsuit funder or any successor-in-interest to the contract. Grants the power and authority to the Attorney General to enforce the provisions of this chapter in his or her discretion. Limits lawsuit funding transactions to a maximum term of three years and limits the fee, which will be calculated to include any underwriting and organization fees, interest and any other charges, fees or consideration, to a maximum annual percentage rate of 25 percent.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Any increase in expenditures to the Attorney General to enforce the provisions of this chapter, in his or her discretion, is estimated to be not significant and can be accommodated within existing resources without an increased appropriation or a reduced reversion.

HB 1242 – SB 1360

- Establishing requirements, prohibitions, and contract specifications for lawsuit funders, and limiting the total fee to a maximum annual percentage rate of 25 percent will result in a fiscal impact that will be borne by the private sector. Any fiscal impact to the state or local government is estimated to be not significant.

CERTIFICATION:

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



Lucian D. Geise, Executive Director

/bos