

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 13, 2015**

**TO:** Honorable John T. Smithee, Chair, House Committee on Judiciary & Civil Jurisprudence

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB419** by Wu (Relating to federal income tax liability for certain damages awarded in certain civil actions.), **As Introduced**

**No fiscal implication to the State is anticipated.**

The bill would amend the Civil Practice and Remedies Code by adding a new section regarding federal income tax liability for certain damages awarded in civil actions. The bill would address the situation where a claimant's award for compensatory damages (for loss of earnings, earning capacity, etc) is reduced based on a finding or instruction that the recovery is not subject to federal income tax. If it were later determined that the claimant was liable for federal income tax on that recovery, the bill requires the defendant to pay the claimant an amount sufficient to satisfy the claimant's tax liability for that recovery. Based on the analysis of the Office of Court Administration, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council

**LBB Staff:** UP, FR, GDz