

BILL ANALYSIS

S.B. 1601
By: Ellis, Rodney
Civil Practices
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, when class action lawsuits end in settlement or judgment for the plaintiff class, there are often residual funds left over after distribution of the award to the identified members of the class. Typically, the judge in the suit awards the money to be used for a closely related purpose, or sometimes to a charity.

SB 1601 designates unclaimed funds to a trust fund administered by the Texas Supreme Court for use in funding civil legal services for the poor.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SB 1601 amends Chapter 31, Civil Practice and Remedies Code, by adding Section 31.009, as follows:

Section 31.009. UNCLAIMED CLASS ACTION SETTLEMENT OR JUDGMENT FUNDS. (a) Provides that this section applies only to an action certified as a class action under Rule 42, Texas Rules of Civil Procedure, in which the settlement or judgment includes a monetary award, including damages, equitable restitution, or other payment due from each defendant to the class.

(b) Requires the court, before entering an order approving settlement or judgment, to require all defendants to report to the court by a certain date the total amount of all funds paid to the class members. Authorizes the court, after the report is received, to amend the settlement or judgment to direct each defendant to pay the sum of any unpaid funds to the clerk of court.

(c) Provides that the trust fund for unclaimed class action settlement or judgment funds is created as a trust fund with the supreme court and is required to be administered by the supreme court as trustee. Requires that interest earned on the trust fund be credited to the fund.

(d) Requires the clerk of the court, on or before the 30th day after the date funds are received under Subsection (b), to pay the funds to the clerk of the supreme court for deposit in the trust fund for unclaimed class action settlement or judgment funds. Authorizes the supreme court to distribute funds in the trust fund only to programs approved by the supreme court that provide civil legal services to the indigent.

(e) Provides that funds received under this section are not subject to Section 31.008 (Payment of Unclaimed Judgment).

EFFECTIVE DATE

September 1, 2003