



OHIO LEGISLATIVE SERVICE COMMISSION

Jessica Murphy

Fiscal Note & Local Impact Statement

Bill: S.B. 152 of the 132nd G.A.

Status: As Reported by Senate Judiciary

Sponsor: Sen. Dolan

Local Impact Statement Procedure Required: No

Subject: Transfer of structured settlement payment rights

State & Local Fiscal Highlights

- The bill will have no fiscal effect on the state, in particular the Office of the Attorney General which has enforcement authority with regard to structured settlements under the existing Consumer Sales Practices Act.
- The bill may have a minimal annual fiscal effect on the courts of common pleas whose subject matter jurisdiction includes the transfer of structured settlement payment rights.

Detailed Fiscal Analysis

Structured settlements are arrangements to provide long-term financial security to injury victims by structuring payments over a long period of time. Some payees (recipient of the damage award) seek to transfer future structured settlement payments to a third party in return for a lump sum. The bill revises the Ohio Structured Settlement Protection Act that governs the sale or transfer of the right to receive payments under a structured settlement agreement. Under the bill, existing filing and review procedures are streamlined, the effect of which primarily impacts private parties who apply to a court of common pleas for approval of the transfer and are subject to specified disclosure requirements.

Data from the National Association of Settlement Purchasers (NASP) suggests that transfers constitute a very small portion of any given Ohio court's overall workload with an average of 340 transfers completed annually statewide. Several provisions in the bill, to some degree, may affect the number of transfers requested and approved. The elimination of certain requirements relating to dual court approval and mandatory independent professional advice simplifies the transfer process which could possibly increase the number of transfers. However, additional disclosure requirements, which help the court in determining best interest, may make certain transfer applications less likely in the future. Conversations with the Ohio Judicial Conference suggest that the volume and frequency of transfers is expected to be generally similar to that under current law. Thus, the net of these possibilities may result in a minimal annual fiscal effect on courts of common pleas.

A violation of, or failure to comply with, the Ohio Structured Settlement Protection Act falls under the jurisdiction of the Office of the Attorney General as an unfair or deceptive act or practice enforceable as a civil matter under the Ohio Consumer Sales Practices Act (CSPA). Staff of the Attorney General cannot recall the last time that such a violation or failure occurred, which suggests that they are rare. The bill appears unlikely to make a violation or failure more or less likely. Thus, there will be no fiscal effect on the Attorney General, specifically the Consumer Protection Section which has authority over such matters.

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