

BILL ANALYSIS

Senate Research Center
76R3661 DAK-F

S.B. 274
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Technology & Bus. Growth
2/22/1999
As Filed

DIGEST

Class actions lawsuits promote judicial economy and facilitate the efficient resolution of complex, mass claims. A trial court approves, under rules adopted by the Texas Supreme Court, a case as a class action. The court's decision can be appealed to the court of appeals, but as a result of this appeal process, several interpretations by the courts have become contradictory and confusing to litigants and lawyers. Authorizing the Supreme Court to hear the interlocutory appeals of class certification decisions would clarify the standards for class certification and ultimately save litigants from expensive discovery and pretrial proceedings in cases that may not properly be tried as class actions. Several more claims can also be settled as a class action, if the Supreme Court created a special type of class action that had less stringent standards than a trial class. Authorizing the Supreme Court to investigate the creation of a special class action could lead to the efficient resolution of a large number of claims.

At the same time, class actions tend to conflict with administrative agencies with jurisdiction over the subject matter of the class action claim. Although an agency could resolve the class action quickly and efficiently, no requirement permits an initial resolution by the agency. Requiring a court to abate a class action until the applicable agency grants all or substantially all of the relief sought by the claimants would not only save long-term litigation costs but also promote the consistent interpretation and application of state law that the agency must routinely administer. S.B. 274 would authorize the Texas Supreme Court to establish certain class actions; require interlocutory appeals of class certification decision to be appealed by the Supreme Court, rather than the court of appeals; and require a trial court to abate or dismiss a class action if a state agency can resolve the matter.

PURPOSE

As proposed, S.B. 274 authorizes appeal of class action decisions to the Texas Supreme Court, authorizes the Texas Supreme Court to investigate authorization for special class actions, and requires a court to abate or dismiss a case pending resolution by a state agency.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Texas Supreme Court in SECTION 2 (Chapter 22A, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 2B, Civil Practice and Remedies Code, by adding Chapter 26, as follows:

CHAPTER 26. CLASS ACTIONS INVOLVING JURISDICTION OF STATE AGENCY

Sec. 26.001. DEFINITIONS. Defines "agency statute," "claimant," "defendant," "rule," and "state agency."

Sec. 26.002. APPLICABILITY. Applies this chapter only to civil actions involving recovery of damages and agency statutes or rules.

Sec. 26.003. HEARING. Authorizes a court to conduct a hearing to determine whether an action should be dismissed or abated under this chapter, on motion of a party or its own motion, and requires the court to notify, within 21 days, the parties to that action of the date and place of the hearing.

Sec. 26.004. DISMISSAL FOR FAILURE TO EXHAUST ADMINISTRATIVE REMEDIES. Requires the court to dismiss an action if the court determines that a claimant failed to exhaust the claimant's administrative remedies before filing the action.

Sec. 26.005. DISMISSAL OR ABATEMENT IF STATE AGENCY JURISDICTION INVOLVED. Requires the court to dismiss or abate an action unless the court determines certain requirements apply. Requires the court to dismiss an action if the court determines that a state agency may order all or part of the relief the claimant seeks. Sets forth certain provisions regarding a court that abates an action.

Sec. 26.006. PERIOD OF ABATEMENT. Requires the abatement period to be at least six months or longer if the court determines the agency is resolving the matter diligently. Ends the abatement period when the state agency takes its final action on the matter or the court determines the agency is not proceeding diligently enough.

Sec. 26.007. PROCEEDING AFTER END OF ABATEMENT; DISMISSAL. Authorizes the court to proceed with the action at the end of the abatement. Requires the court to dismiss an action if the court determines the agency granted all or a substantial part of the relief sought or the relief granted by the state agency is an adequate substitute for the relief sought by the claimant. Authorizes relief awarded to be adequate without inclusion of exemplary damages, multiple damages, attorney's fees, or costs of court.

SECTION 2. Amends Chapter 22A, Government Code, by adding Section 22.015, as follows:

Sec. 22.015. CLASS ACTIONS. Authorizes the supreme court, by rule, to certify a class of persons different from a class that may have been certified for the purposes of litigating the action, for the purpose of settling an action.

SECTION 3. Amends Section 22.225(d), Government Code, to make conforming changes.

SECTION 4. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 5. Emergency clause.