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## FISCAL IMPACT REPORT

SPONSOR: Russell DATE TYPED: 02/04/01 HB 276  
 SHORT TITLE: Firearms Industry Lawsuit Reform Act SB \_\_\_\_\_  
 ANALYST: Rael

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
See Narrative			Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Administrative Office of the Courts (AOC)  
 Attorney General (AG)

### SUMMARY

#### Synopsis of Bill

The Firearms Industry Lawsuit Reform Act protects firearms or ammunition manufacturers, distributors, trade associations or dealers from many kinds of lawsuits by individuals and the state. Only the state or a political subdivision may file a lawsuit under the specific circumstances identified in the bill.

The authority to file a lawsuit and seek damages, injunctive relief or abatement on behalf of the state or any political subdivision of the state from a firearms or ammunition manufacturer, distributor, trade association or dealer (for the lawful design, marketing, distribution, manufacture, sale or transfer of firearms and ammunition) is reserved exclusively to the state. The bill further restricts lawsuits to only those lawsuits authorized by a law enacted by the legislature.

The state or a political subdivision is not prohibited from filing a lawsuit against a firearms or ammunition manufacturer, distributor, trade association or dealer for:

- C breach of contract or warranty for firearms or ammunition purchased by the state or a political subdivision; or
- C injuries resulting from the malfunction of a firearm or ammunition due to a defect in design or manufacture.

#### Significant Issues

This Act prevents individuals from filing lawsuits against firearms manufacturers for breach of contract and breach of warranty and for injuries resulting from the malfunction of a firearm or ammunition due to a defect in design or manufacture. Limiting lawsuits in this manner may have constitutional implications.

### **FISCAL IMPLICATIONS**

Although it is unclear how many lawsuits are filed against the firearms industry in New Mexico, and even more unclear how many actions are successful, the bill may result in a slight decrease in revenue to the general fund. In other states, jurors have awarded damages of millions of dollars against firearms manufacturers. All non-compensatory damages awarded to individuals are included in gross income and, therefore, taxable. Of course, if a lawsuit was filed by the state, proceeds would go to the state.

### **ADMINISTRATIVE IMPLICATIONS**

The Administrative Office of the Courts reports that new laws, amendments to existing laws, and new hearings have the potential to increase caseloads in the courts, thus requiring additional resources to handle the increase.

### **OTHER SUBSTANTIVE ISSUES**

By carving out firearms from the universe of products for which individuals may recover damages when they are harmed by the defective design or manufacture, the legislature may be denying a constitutional right of access to courts.

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