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## FISCAL IMPACT REPORT

SPONSOR	Silva		ORIGINAL DATE LAST UPDATED	HB	407/a HJC
SHORT TITI	Æ	Motor Carrier Con	tract Indemnity	SB	

#### ANALYST Schuss

### **APPROPRIATION** (dollars in thousands)

Арргор	riation	Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

# SOURCES OF INFORMATION

LFC Files

**Responses Received From** Department of Public Safety (DPS)

**Did Not Respond** Taxation and Revenue Department (TRD)

#### **SUMMARY**

#### Synopsis of HJC Amendment

The House Judiciary Committee amendment to HB 407 cleans up some of the language used in the original bill. The term "one party to the contract" is replaced with "the motor carrier"; the terms "another party to the contract", "that other party" and "that party" are replaced with *"the shipper".* 

The amendment also removes Subsection B of Section 1, which read, a provision in a motor carrier transportation contract that requires a party to provide liability coverage to another party, as an additional insured, for the other party's negligence or intentional acts or omissions is against the public policy of this state and is void and unenforceable.

### House Bill 407/ a HJC – Page 2

Synopsis of Original Bill

House Bill 407 invalidates indemnity provisions in Motor Carrier Transportation Contracts.

## FISCAL IMPLICATIONS

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.

## SIGNIFICANT ISSUES

HB 407 makes a provision or agreement contained in, collateral to or affecting a Motor Carrier Transportation Contract that would require one party to indemnify or hold harmless another party to the contract from liability for loss or damage resulting from the negligence of that other party, its agents, employees or independent contractors void and unenforceable.

HB 407 also makes a provision in a Motor Carrier Transportation Contract void and unenforceable when it requires a party to provide liability coverage to another party for the other party's negligence.

DPS notes that HB 407 will require that all responsible parties in a Motor Carrier Transportation Contract provide their own liability coverage.

BS/mt