

SENATE BILL NO. 285

INTRODUCED BY M. WHEAT

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A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING PUNITIVE DAMAGES AWARDS IN CIVIL CASES TO BE DIVIDED BETWEEN THE PLAINTIFF AND THE STATE; PROVIDING THAT THE STATE'S SHARE MUST BE USED TO FUND THE CRIME VICTIMS COMPENSATION AND ASSISTANCE PROGRAM IN THE DEPARTMENT OF JUSTICE; AND AMENDING SECTION 27-1-221, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 27-1-221, MCA, is amended to read:

"27-1-221. Punitive damages -- liability -- proof -- award. (1) Subject to the provisions of 27-1-220 and this section, reasonable punitive damages may be awarded when the defendant has been found guilty of actual fraud or actual malice.

(2) A defendant is guilty of actual malice if the defendant has knowledge of facts or intentionally disregards facts that create a high probability of injury to the plaintiff and:

(a) deliberately proceeds to act in conscious or intentional disregard of the high probability of injury to the plaintiff; or

(b) deliberately proceeds to act with indifference to the high probability of injury to the plaintiff.

(3) A defendant is guilty of actual fraud if the defendant:

(a) makes a representation with knowledge of its falsity; or

(b) conceals a material fact with the purpose of depriving the plaintiff of property or legal rights or otherwise causing injury.

(4) Actual fraud exists only when the plaintiff has a right to rely upon the representation of the defendant and suffers injury as a result of that reliance. The contract definitions of fraud expressed in Title 28, chapter 2, do not apply to proof of actual fraud under this section.

(5) All elements of the claim for punitive damages must be proved by clear and convincing evidence. Clear and convincing evidence means evidence in which there is no serious or substantial doubt about the correctness of the conclusions drawn from the evidence. It is more than a preponderance of evidence but less than beyond a reasonable doubt.

1 (6) Liability for punitive damages must be determined by the trier of fact, whether judge or jury. An
2 award of punitive damages must be unanimous as to liability and amount.

3 (7) (a) Evidence regarding a defendant's financial affairs, financial condition, and net worth is not
4 admissible in a trial to determine whether a defendant is liable for punitive damages. When the jury returns a
5 verdict finding a defendant liable for punitive damages, the amount of punitive damages must then be
6 determined by the jury in an immediate, separate proceeding and be submitted to the judge for review as
7 provided in subsection (7)(c). In the separate proceeding to determine the amount of punitive damages to be
8 awarded, the defendant's financial affairs, financial condition, and net worth must be considered.

9 (b) When an award of punitive damages is made by the judge, the judge shall clearly state the reasons
10 for making the award in findings of fact and conclusions of law, demonstrating consideration of each of the
11 following matters:

12 (i) the nature and reprehensibility of the defendant's wrongdoing;

13 (ii) the extent of the defendant's wrongdoing;

14 (iii) the intent of the defendant in committing the wrong;

15 (iv) the profitability of the defendant's wrongdoing, if applicable;

16 (v) the amount of actual damages awarded by the jury;

17 (vi) the defendant's net worth;

18 (vii) previous awards of punitive or exemplary damages against the defendant based upon the same
19 wrongful act;

20 (viii) potential or prior criminal sanctions against the defendant based upon the same wrongful act; and

21 (ix) any other circumstances that may operate to increase or reduce, without wholly defeating, punitive
22 damages.

23 (c) The judge shall review a jury award of punitive damages, giving consideration to each of the matters
24 listed in subsection (7)(b). If after review the judge determines that the jury award of punitive damages should
25 be increased or decreased, the judge may do so. The judge shall clearly state the reasons for increasing,
26 decreasing, or not increasing or decreasing the punitive damages award of the jury in findings of fact and
27 conclusions of law, demonstrating consideration of each of the factors listed in subsection (7)(b).

28 (8) When punitive damages are awarded by a judge or jury, the amount of the punitive damages must
29 be apportioned as follows:

30 (a) 50%, less costs and attorney fees as provided in subsection (9), must be paid to the clerk of district

1 court. The clerk of district court shall forward any amount collected under this subsection (8)(a) to the state
2 treasurer within 60 days of receipt for deposit in the state general fund to be used to provide services to crime
3 victims as provided in Title 53, chapter 9, part 1.

4 (b) 50%, less costs and attorney fees as provided in subsection (9), must be paid to the party to whom
5 the punitive damages were awarded.

6 (9) The costs of litigation, including reasonable attorney fees, must be deducted from the full punitive
7 damages award before apportionment under subsection (8).

8 ~~(8)~~(10) This section is not intended to alter the Montana Rules of Civil Procedure governing discovery
9 of a defendant's financial affairs, financial condition, and net worth."

10 - END -