

A bill for an act

relating to civil actions; modifying liability limits for certain tort claims against the state and political subdivisions; regulating certain conciliation court claims; providing a right of appeal on certain class action orders; modifying the statute of limitations on certain claims; modifying prejudgment interest; regulating attorney fees; providing a cause of action for sex trafficking violations; amending Minnesota Statutes 2010, sections 3.736, subdivision 4; 466.03, subdivision 6e, by adding a subdivision; 466.04, subdivisions 1, 3; 491A.01, subdivision 3; 541.05, subdivision 1; 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 540; 549; 609.

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

Section 1. Minnesota Statutes 2010, section 3.736, subdivision 4, is amended to read:

Subd. 4. **Limits.** The total liability of the state and its employees acting within the scope of their employment on any tort claim shall not exceed:

(a) \$300,000 when the claim is one for death by wrongful act or omission and \$300,000 to any claimant in any other case, for claims arising before August 1, 2007;

(b) \$400,000 when the claim is one for death by wrongful act or omission and \$400,000 to any claimant in any other case, for claims arising on or after August 1, 2007, and before July 1, 2009;

(c) \$500,000 when the claim is one for death by wrongful act or omission and \$500,000 to any claimant in any other case, for claims arising on or after July 1, 2009;

(d) \$750,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 1998, and before January 1, 2000;

(e) \$1,000,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2000, and before January 1, 2008;

(f) \$1,200,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2008, and before July 1, 2009; ~~or~~

(g) \$1,500,000 for any number of claims arising out of a single occurrence, for claims arising on or after July 1, 2009; or

(h) \$1,000,000 for any number of claims arising out of a single occurrence, if the claim involves a nonprofit organization engaged in or administering outdoor recreational activities funded in whole or in part by the state or operating under the authorization of a permit issued by an agency or department of the state.

If the amount awarded to or settled upon multiple claimants exceeds the applicable limit under clause (d), (e), (f), ~~or~~ (g), or (h), any party may apply to the district court to apportion to each claimant a proper share of the amount available under the applicable limit under clause (d), (e), (f), or (g). The share apportioned to each claimant shall be in the proportion that the ratio of the award or settlement bears to the aggregate awards and settlements for all claims arising out of the occurrence.

The limitation imposed by this subdivision on individual claimants includes damages claimed for loss of services or loss of support arising out of the same tort.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to claims arising from acts or omissions that occur on or after that date.

Sec. 2. Minnesota Statutes 2010, section 466.03, subdivision 6e, is amended to read:

Subd. 6e. **Parks and recreation areas.** Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person, except as provided in subdivision 23.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to causes of action arising on or after that date.

Sec. 3. Minnesota Statutes 2010, section 466.03, is amended by adding a subdivision to read:

Subd. 23. Recreational use of school property and facilities. (a) Any claim for a loss or injury arising from the use of school property or a school facility made available for public recreational activity.

(b) Nothing in this subdivision:

(1) limits the liability of a school district for conduct that would entitle a trespasser to damages against a private person; or
(2) reduces any existing duty owed by the school district.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to causes of action arising on or after that date.

Sec. 4. Minnesota Statutes 2010, section 466.04, subdivision 1, is amended to read:

Subdivision 1. **Limits; punitive damages.** (a) Liability of any municipality on any claim within the scope of sections 466.01 to 466.15 shall not exceed:

(1) \$300,000 when the claim is one for death by wrongful act or omission and \$300,000 to any claimant in any other case, for claims arising before January 1, 2008;

(2) \$400,000 when the claim is one for death by wrongful act or omission and \$400,000 to any claimant in any other case, for claims arising on or after January 1, 2008, and before July 1, 2009;

(3) \$500,000 when the claim is one for death by wrongful act or omission and \$500,000 to any claimant in any other case, for claims arising on or after July 1, 2009;

(4) \$750,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 1998, and before January 1, 2000;

(5) \$1,000,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2000, and before January 1, 2008;

(6) \$1,200,000 for any number of claims arising out of a single occurrence, for claims arising on or after January 1, 2008, and before July 1, 2009;

(7) \$1,500,000 for any number of claims arising out of a single occurrence, for claims arising on or after July 1, 2009; ~~or~~

(8) twice the limits provided in clauses (1) to (7) when the claim arises out of the release or threatened release of a hazardous substance, whether the claim is brought under sections 115B.01 to 115B.15 or under any other law; or

(9) \$1,000,000 for any number of claims arising out of a single occurrence, if the claim involves a nonprofit organization engaged in or administering outdoor recreational activities funded in whole or in part by a municipality or operating under the authorization of a permit issued by a municipality.

(b) No award for damages on any such claim shall include punitive damages.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to claims arising from acts or omissions that occur on or after that date.

Sec. 5. Minnesota Statutes 2010, section 466.04, subdivision 3, is amended to read:

Subd. 3. **Disposition of multiple claims.** Where the amount awarded to or settled upon multiple claimants exceeds the applicable limit under subdivision 1, paragraph (a), clauses ~~(2) to (4)~~ to (9), any party may apply to any district court to apportion to each claimant a proper share of the total amount limited by subdivision 1. The share apportioned each claimant shall be in the proportion that the ratio of the award or settlement made to each bears to the aggregate awards and settlements for all claims arising out of the occurrence.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2010, section 491A.01, subdivision 3, is amended to read:

Subd. 3. **Jurisdiction; general.** (a) Except as provided in subdivisions 4 and 5, the conciliation court has jurisdiction to hear, conciliate, try, and determine civil claims if the amount of money or property that is the subject matter of the claim does not exceed: (1) ~~\$7,500; (2) \$4,000; \$10,000 or \$5,000~~ if the claim involves a consumer credit transaction; or ~~(3)~~ (2) \$15,000, if the claim involves money or personal property subject to forfeiture under section 609.5311, 609.5312, 609.5314, or 609.5318. "Consumer credit transaction" means a sale of personal property, or a loan arranged to facilitate the purchase of personal property, in which:

(1) credit is granted by a seller or a lender who regularly engages as a seller or lender in credit transactions of the same kind;

(2) the buyer is a natural person;

(3) the claimant is the seller or lender in the transaction; and

(4) the personal property is purchased primarily for a personal, family, or household purpose and not for a commercial, agricultural, or business purpose.

(b) Except as otherwise provided in this subdivision and subdivisions 5 to 10, the territorial jurisdiction of conciliation court is coextensive with the county in which the court is established. The summons in a conciliation court action under subdivisions 6 to 10 may be served anywhere in the state, and the summons in a conciliation court action under subdivision 7, paragraph (b), may be served outside the state in the manner provided by law. The court administrator shall serve the summons in a conciliation court action by first class mail, except that if the amount of money or property that is the subject of the claim exceeds \$2,500, the summons must be served by the plaintiff by certified mail, and service on nonresident defendants must be made in accordance with applicable law or rule. Subpoenas to secure the attendance of nonparty witnesses and the production of documents at trial may be served anywhere within the state in the manner provided by law.

When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the Rules of Civil Procedure for personal service of a summons of the district court as an alternative to service by certified mail.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to claims filed on or after that date.

Sec. 7. **[540.19] CLASS ACTIONS; INTERLOCUTORY APPEAL.**

A court order certifying a class action, refusing to certify a class action, or denying a motion to decertify a class action is appealable as a matter of right. While an appeal under this subdivision is pending, all discovery and other proceedings in the district court are automatically stayed, except that upon the motion of a party the district court may lift the stay, in whole or in part, for good cause shown.

EFFECTIVE DATE. This section is effective July 1, 2011, and applies to orders issued on or after that date.

Sec. 8. Minnesota Statutes 2010, section 541.05, subdivision 1, is amended to read:

Subdivision 1. ~~Six-year~~ **Four-year limitation; exceptions.** (a) Except as provided in paragraph (c) or (d), and where the Uniform Commercial Code otherwise prescribes, the following actions shall be commenced within ~~six~~ **four** years:

~~(1) upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed;~~

~~(2)~~ (1) upon a liability created by statute, other than those arising upon a penalty or forfeiture or where a shorter period is provided by section 541.07;

~~(3)~~ (2) for a trespass upon real estate;

~~(4)~~ (3) for taking, detaining, or injuring personal property, including actions for the specific recovery thereof;

~~(5)~~ (4) for criminal conversation, or for any other injury to the person or rights of another, not arising on contract, and not hereinafter enumerated;

~~(6)~~ (5) for relief on the ground of fraud, in which case the cause of action shall not be deemed to have accrued until the discovery by the aggrieved party of the facts constituting the fraud;

~~(7)~~ (6) to enforce a trust or compel a trustee to account, where the trustee has neglected to discharge the trust, or claims to have fully performed it, or has repudiated the trust relation;

~~(8)~~ (7) against sureties upon the official bond of any public officer, whether of the state or of any county, town, school district, or a municipality therein; in which case the limitation shall not begin to run until the term of such officer for which the bond was given shall have expired; or

~~(9)~~ (8) for damages caused by a dam, used for commercial purposes; ~~or~~
(b) An action upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed shall be commenced within six years.

~~(10)~~ (c) An action for assault, battery, false imprisonment, or other tort resulting in personal injury; shall be commenced within six years if the conduct that gives rise to the cause of action also constitutes domestic abuse as defined in section 518B.01.

(d) Except for actions commenced pursuant to paragraph (a), clause (5), and paragraph (b), the limitation period for actions contained in this subdivision shall not begin to run until the time at which a reasonable person in the plaintiff's position would know the fact of the injury, and that the injury was caused by the alleged conduct of the defendant. There is an absolute limit of six years from the date the cause of action accrued in which to commence an action.

(e) Except for actions commenced pursuant to paragraph (a), clause (5), no cause of action may in any extent be commenced after six years from the date the cause of action accrues.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to causes of action arising from incidents occurring on or after that date.

Sec. 9. Minnesota Statutes 2010, section 549.09, subdivision 1, is amended to read:

Subdivision 1. **When owed; rate.** (a) When a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in paragraph (c) and added to the judgment or award.

(b) Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest on pecuniary damages shall be computed as provided in paragraph (c) from the time of the commencement of the action or a demand for arbitration, or the time of a written notice of claim, whichever occurs first, except as provided herein. The action must be commenced within two years of a written notice of claim for interest to begin to accrue from the time of the notice of claim. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counteroffer within 30 days. After that time, interest on the judgment or award

shall be calculated by the judge or arbitrator in the following manner. The prevailing party shall receive interest on any judgment or award from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from the time when special damages were incurred, if later, until the time of verdict, award, or report only if the amount of its offer is closer to the judgment or award than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment or award than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment or award, whichever is less, and only from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from when the special damages were incurred, if later, until the time the settlement offer was made. Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (2), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact. Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments or awards for future damages;

(3) punitive damages, fines, or other damages that are noncompensatory in nature;

(4) judgments or awards not in excess of the amount specified in section 491A.01;

and

(5) that portion of any verdict, award, or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator.

~~(c)(1) For a judgment or award of \$50,000 or less or a judgment or award for or against the state or a political subdivision of the state, regardless of the amount, The~~
interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States Treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each odd-numbered year the state court administrator shall determine the rate from the one-year constant maturity treasury yield for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the Federal Reserve System. This yield plus eight percentage points if the judgment or award is over \$50,000, rounded to the nearest one percent, or four percent, whichever is greater, shall be the annual interest rate for verdicts entered during the succeeding ~~calendar year~~ two calendar years. The state court

administrator shall communicate the interest rates to the court administrators and sheriffs for use in computing the interest on verdicts and shall make the interest rates available to arbitrators.

~~This clause applies to any section that references section 549.09 by citation for the purposes of computing an interest rate on any amount owed to or by the state or a political subdivision of the state, regardless of the amount.~~

~~(2) For a judgment or award over \$50,000, other than a judgment or award for or against the state or a political subdivision of the state, the interest rate shall be ten percent per year until paid.~~

~~(3)~~ When a judgment creditor, or the judgment creditor's attorney or agent, has received a payment after entry of judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process other than execution levy where a proper return has been filed with the court administrator, the judgment creditor, or the judgment creditor's attorney, before applying to the court administrator for an execution shall file with the court administrator an affidavit of partial satisfaction. The affidavit must state the dates and amounts of payments made upon the judgment after the most recent affidavit of partial satisfaction filed, if any; the part of each payment that is applied to taxable disbursements and to accrued interest and to the unpaid principal balance of the judgment; and the accrued, but the unpaid interest owing, if any, after application of each payment.

(d) This section does not apply to arbitrations between employers and employees under chapter 179 or 179A. An arbitrator is neither required to nor prohibited from awarding interest under chapter 179 or under section 179A.16 for essential employees.

~~(e) For purposes of this subdivision:~~

~~(1) "state" includes a department, board, agency, commission, court, or other entity in the executive, legislative, or judicial branch of the state; and~~

~~(2) "political subdivision" includes a town, statutory or home rule charter city, county, school district, or any other political subdivision of the state.~~

(e) This section does not apply to a judgment or award upon which interest is entitled to be recovered under section 60A.0811.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to judgments and awards entered on or after that date.

Sec. 10. [549.255] ATTORNEY FEE AWARDS.

Subdivision 1. Reasonable relation of fees to damages. When a statute provides for the award of attorney fees to a party that has recovered money damages, the court,

in setting the amount of attorney fees, must, in addition to other factors, take into consideration the reasonableness of the attorney fees sought in relation to the amount of damages awarded to the prevailing party.

Subd. 2. **Offer of judgment.** If an offer of judgment is made by a party under Rule 68 of the Rules of Civil Procedure to a party who claims money damages pursuant, in whole or in part, to a statute that provides for the award of attorney fees, and the party claiming attorney fees does not obtain a verdict in excess of the offer, exclusive of attorney fees, no attorney fees may be awarded for fees incurred after service of the offer of judgment. The party that rejects an offer of judgment must disclose the attorney fees it has incurred as of the date of the service of the offer of judgment within the time period provided by Rule 68 for the acceptance of an offer of judgment.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to actions commenced on or after that date.

Sec. 11. **[609.3244] CIVIL LIABILITY.**

(a) A sex trafficking victim may bring a cause of action against a person who violates section 609.322. The court may award damages, including punitive damages, reasonable attorney fees, and other litigation costs reasonably incurred by the victim.

(b) The rules of evidence set out in section 611A.83 apply to a cause of action under this section. The evidentiary protections provided by this paragraph do not apply to any subsequent prosecution of a violent crime, as defined in section 609.1095, subdivision 1, paragraph (d).

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to causes of action commenced on or after that date.