

HB 2255 – Third-Party Litigation

Please support HB 2255, a simple, common-sense step to protect limited taxpayer dollars for use as intended for essential services. This bill is similar to those passed in other states with bi-partisan support to protect local government and other organizations from Third-Party Litigation Funding (TPLF). TPLF is the practice by which outside investors, often private equity or hedge funds, and sometimes foreign government wealth funds, provide money to plaintiffs or their attorneys to cover the costs of litigation in exchange for a share of any eventual settlement or judgment. Known TPLF in the U.S. has grown to \$16.2 billion as of 2024. This is a growing activity in which people invest, or gamble, in a lawsuit to try to earn back money with interest.

One common target for TPLF is cities, who are regarded as having “deep pockets.” Unfortunately, this practice increases litigation and insurance costs for cities, using limited general fund dollars to defend cases, even if they support the city. If cases are lost, TPLF becomes a money-making scheme for investors to take taxpayer funds, intended for essential services like public safety, social services, roads and parks, diverting them to enrich individuals already wealthy enough to invest. Please support and enact HB 2255.

Mayor Carla S. Bowman