



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 11, 2005

**H.R. 1038
Multidistrict Litigation Restoration Act of 2005**

As ordered reported by the House Committee on the Judiciary on March 9, 2005

CBO estimates that implementing H.R. 1038 would have no significant impact on the federal budget and would not affect direct spending or receipts. H.R. 1038 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Enacting H.R. 1038 would remove existing impediments to the consolidation of certain lawsuits within the federal judicial system. The bill would permit a federal judge to consolidate such cases for trial on the common issues of liability and punitive damages if those cases were consolidated for pretrial proceedings. The bill also would allow federal judges to determine compensatory damages in such consolidated cases under certain conditions. Under current law, cases related by one or more common questions of fact that are pending in multiple federal judicial districts may be consolidated before a single federal judge only for pretrial proceedings. At the end of those proceedings, each case must now be remanded for trial back to the judicial district where it originated.

CBO expects that enacting this bill would result in a more efficient use of federal judicial resources. Any savings realized by the federal court system would be small, CBO estimates, and might be offset by increased court costs that could arise from additional cases being moved from state court to federal court under the bill. Thus, CBO estimates that implementing H.R. 1038 would result in no significant net impact on the federal budget.

The CBO staff contact for this estimate is Gregory Waring. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.