



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 10, 2017

### **H.R. 725** **Innocent Party Protection Act**

*As ordered reported by the House Committee on the Judiciary on February 2, 2017*

H.R. 725 would require federal courts to deny a motion to transfer a case to state court under certain circumstances. The bill also would amend the procedures under which federal courts consider a motion to remove a case to state court by permitting parties to amend their pleadings.

Under current law, plaintiffs can choose to bring certain claims in federal or state court. In some cases, plaintiffs may view state courts as more favorable because of litigation strategy or timing, whereas, defendants may view federal courts as more desirable. In such cases, courts must determine which jurisdiction is proper. Under H.R. 725, federal courts would have to deny a motion to transfer a case from federal court to a state court if they find that the plaintiff has misrepresented a defendant's state of citizenship or made a claim against a specific defendant that is not possible or plausible under state law or that is not made in good faith.

The legislation could have an effect on litigation strategies and lead to changes in the number of cases filed in state and federal courts. However, based on information from the Administrative Office of the U.S. Courts, CBO expects that any change in the number of claims filed in federal courts would not have a substantial effect on the workload of the federal courts. Therefore, CBO estimates that any changes in discretionary costs to implement H.R. 725 would not be significant.

Enacting H.R. 725 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 725 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 725 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Robert Reese. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.