

NFIB® Wisconsin News

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WISCONSIN SMALL BUSINESS SAYS TORT REFORM MUST BE PART OF LARGER ECONOMIC GROWTH PACKAGE

NFIB urges lawmakers in special session to make sensible reforms that will discourage predatory lawsuits against small businesses

MADISON (January 5, 2011) – The National Federation of Independent Business (NFIB) today said that its members are highly encouraged by the Governor’s call for legal reforms aimed at discouraging baseless lawsuits and jackpot jury awards.

"The impact of a single lawsuit on small business can be devastating," said Bill G. Smith, State Director. "Costly litigation or even the threat of litigation almost certainly means the loss of jobs and less job growth. We commend Governor Walker for taking immediate action to restore a litigation climate that will help encourage job creation while restoring fairness, and reduce the cost of Wisconsin's civil justice system."

Smith noted that Wisconsin has one of the most promiscuous tort systems in the country in which small businesses are easy targets for baseless lawsuits and civil penalties that are entirely disproportionate.

"It is an impediment to business and job growth and it needs to be reformed as part of a larger economic plan," said Smith.

Immediately upon taking office newly-elected Governor Scott Walker called the Legislature into special session to deal with the state’s economic crisis. He urged lawmakers to include tort reform as one of their priorities.

Smith, who is also President of the Wisconsin Civil Justice Council, a group seeking common-sense legal reforms, said he is hopeful that the special session may produce reforms that small businesses have long supported. They include:

- **Product Liability Reform** – Legislation to protect small businesses from being penalized for selling products determined to be defective as the result of an unrelated manufacturer’s negligence. The bill is aimed at protecting retailers who are often dragged into product liability cases simply because they have assets or insurance.
- **Elimination of “Risk Contribution”** – Wisconsin is the only state in the country that recognizes so-called risk contribution theory, under which manufacturers can be penalized not on the basis of direct negligence but on their respective share of a market for a defective product. The bill would bring Wisconsin into line with virtually every other jurisdiction in which liability is assigned to responsible parties.

- Expert Opinion – Unlike most states Wisconsin does not require that expert testimony be grounded in data, facts or reliable scientific principles. The bill would impose such standards to ensure against unfair verdicts based on questionable testimony.
- Punitive Damages – The bill would reverse a 2005 state Supreme Court decision that loosened the standards for punitive damages despite a law enacted by the Legislature in 1995 that sought to tighten the standards.

“These reforms would make the system fairer and more predictable for small businesses,” said Smith. “We are extremely pleased that the Governor and the new Legislature have acknowledged the need for legal reform as a way to boost the economy.”

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NFIB is the nation's leading small business association, with offices in Washington, D.C. and all 50 state capitals. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB gives small and independent business owners a voice in shaping the public policy issues that affect their business. NFIB's powerful network of grassroots activists send their views directly to state and federal lawmakers through our unique member-only ballot, thus playing a critical role in supporting America's free enterprise system. More information can be found at www.NFIB.com/newsroom.