

HOUSE RESEARCH

Bill Summary

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Authors: Woodard and others
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Analyst: Matt Gehring, 651-296-5052

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Overview

This bill provides that a corporation that is a successor to a corporation that carried asbestos-related liability is only subject to liability up to the fair market value of the total gross assets of the original corporation that carried the liability, as of the date the corporations merged or consolidated. Exceptions for certain types of claims are provided. A method for calculating fair market value of the total gross assets of a corporation, including an annual adjustment in certain circumstances, is included in the bill.

1 **Limitations of asbestos liabilities relating to certain mergers or consolidations.**

Subd. 1. Short title. Provides that this section of law is titled the "Innocent Successor Asbestos-Related Liability Fairness Act."

Subd. 2. Definitions. Establishes a number of definitions for terms used in the bill, including "asbestos claim," "corporation," "innocent successor," "successor asbestos-related liabilities," and "transferor."

Subd. 3. Applicability. Provides that the limitations on liability contained in the bill apply to innocent successor corporations only. Exceptions from the limitations on liability are provided for worker's compensation claims, claims not involving successor asbestos-related liability, claims involving the National Labor Relations Act or a collective bargaining agreement, or successor corporations that continued in similar asbestos production after merger or consolidation.

Subd. 4. Measure of liabilities. Provides the substantive limitation on liability contained in the bill. The total liability of an innocent successor corporation is limited to the fair market value of the total gross assets of the corporation that transferred the liability to the innocent successor corporation, determined as of the time the corporations merged or were consolidated. If the liability has been transferred multiple times, the total liability is limited to the fair market value of the total gross assets of the corporation that originally incurred the liability.

Subd. 5. Establishing fair market value of total gross assets. Provides a method for

determining the fair market value of total gross assets for purposes of determining the total amount of liability a corporation may be subject to under subdivision 4.

Subd. 6. Adjustment. Provides for an annual adjustment of a calculated fair market value of total gross assets, with some exceptions.

Subd. 7. Scope; application. Requires courts to construe this section of law liberally with regard to innocent successors.

This subdivision also provides an immediate effective date, and specifies its application to claims filed on or after that date.