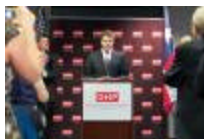


Gov. Perry: Lawsuit Reforms will Expedite Justice for Legitimate Claims and Help Strengthen Texas' Economic Climate

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Thank you Pat Oxford, Board Member of the Greater Houston Partnership for that introduction and thanks to everyone at the Greater Houston Partnership for hosting us today.

I appreciate everyone joining us here in support of an idea whose time has come , the implementation of a loser pay component to our legal system here in Texas.

As we all know, we're in the midst of a tough legislative session, thoughtfully working our way to balancing the budget without raising taxes while maintaining the economic momentum we've created over the last decade.

Texas' mix of low taxes, reasonable regulation, fair courts and a world-class workforce has made Texas a national destination for employers and a leading state for job creation.

With loser pays, we have the opportunity to make Texas' economic climate that much more job-friendly as well as a chance to relieve Texans of the burdens created by long-running lawsuits.

These lawsuits may be frivolous, but the costs are certainly not and the damage they cause is felt by everyone, not just business owners.

The costs of lengthy court battles are passed along to consumers in the price you pay in insurance premiums, the price of durable goods and even the price of food.

The costs also lead to longer unemployment lines and missed opportunities for our entrepreneurs, as the threat of a lawsuit can dissuade some from pursuing their dream of owning their own business.

Since I called on the legislature to pass loser pays we've heard from some of the very same naysayers who insisted the medical tort reforms we passed in 2003 would be a bad idea.

At that time, plaintiffs had declared open season on doctors and the number of frivolous lawsuits was skyrocketing.

Doctors in Texas were facing a crisis as insurance companies either raised their rates prohibitively or simply quit insuring Texas doctors.

Doctors were faced with the difficult decision of leaving Texas or leaving medicine altogether.

That session, we placed a cap on non-economic damages and the results were positive and instantaneous.

Insurance rates were cut immediately, many of them by double-digits, and not only did doctors stop leaving Texas, they started flowing back into the state at a staggering rate.

In the first five years after tort reform passed, more than 14,000 doctors either returned to practice in Texas or began practicing here for the first time.

It's time to continue our reform efforts with a very simple concept: those who use litigation to drive up the other

side's legal bills and lose are required to pay the court costs and legal expenses of those they sued.

Loser pays will effectively combat the problem of plaintiff's lawyers, filing questionable lawsuits, and rolling the dice with jury and judge in hope of striking it rich.

Those lawsuits can grind almost any business to a halt as owners are forced to deal with mounting legal fees and court costs, even if they've done nothing wrong.

Texas is also one of few states that doesn't have an early dismissal option for obviously frivolous lawsuits, but we should.

We should also make it clear that a statute doesn't create a cause of action unless the legislature specifically says it does, because everyone has the right to know if their behavior would subject them to a lawsuit.

Lastly, we need to set up expedited trials and limited discovery for lawsuits with claims between \$10,000 and \$100,000 dollars.

Already, hard work has been done on behalf of this issue by Representative Brandon Creighton who authored House Bill 274

as well as Senator Joan Huffman, who will carry the reform banner into the Senate with Senate Bill 13.

I look forward to working with them, and other lawmakers, to make sure these much-needed reforms become law.

I know there are governors from around the country sure hoping that never happens.

Because they know that when we do pass loser pays, there's going to be a steady exodus of their employers heading to the Lone Star State.

And those governors are going to have a lot of work to do if they're going to have any chance at beating Texas when it comes to attracting jobs and businesses.

I commend these legislators and these lawsuit abuse reform advocates who have joined us here today for everything they're doing to help maintain our status as the best state in the nation to do business.

Now, I'd like to bring up Rep. Creighton, who can tell you a bit more about his efforts in the House.