



An assessment of excessive tort costs in the Houston-The Woodlands-Sugar Land MSA and Texas and potential economic benefits of reform

A flawed civil justice system which generates exorbitant levels of damages or numbers of awards and which is unpredictable in its outcomes may result in negative impacts through the misallocation of society’s scarce economic and human resources. Tort reform can lead to substantial economic benefits, and states which have implemented reforms have seen improved judicial efficiency and measurable advancement in economic performance.

All major industry groups are negatively affected, with the retail trade, business services, health services, and other services industries typically experiencing the greatest losses.

Losses due to Excessive Tort Litigation in the State of Texas	
Direct Costs	-\$33.6 billion <i>each year</i>
Gross Product	-\$52.6 billion <i>each year</i>
State Gov Revenue	-\$2.7 billion <i>each year</i>
Local Gov Revenue	-\$2.3 million <i>each year</i>
Job Loss	-453,426 jobs
“Tort Tax”	-\$1,725 <i>per person</i>

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Excessive tort litigation in the **Houston-The Woodlands-Sugar Land MSA** results in:

- \$11.1 billion** in direct costs annually
- \$17.4 billion** in gross product annually
- \$11.0 billion** in personal income annually
- 150,116 jobs**

Excess costs result in a **“tort tax”** of **-\$2,373 per person**

Notes:

The economic effects of excessive tort costs take into consideration dynamic multiplier effects. The “tort tax” is defined as the per capita loss of gross product in the area. The Perryman Group quantified the 2023 aggregate excess costs associated with the current system, allocated this amount across states, and examined the resulting downstream effects. Costs were allocated to the **Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller counties)** based on relative legal costs in the area and economic and demographic patterns. Tort reform can reduce or eliminate these costs. Thus, these results may also be viewed as a measure of the benefits of reasonable reform measures.



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