

# HOUSE BILL REPORT

## ESSB 6354

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**As Reported By House Committee On:**  
Health Care

**Title:** An act relating to moneys received by the state pursuant to litigation or settlements with the tobacco industry.

**Brief Description:** Providing for the disbursement of funds gained from a tobacco-related health care settlement.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Deccio, Wojahn, Benton, Thibaudeau, Wood, Franklin, Sellar, West, Hale, Anderson, Kohl, Winsley, Haugen, Patterson and Goings).

**Brief History:**

**Committee Activity:**

Health Care: 2/27/98 [DPA].

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Skinner, Vice Chairman; Cody, Ranking Minority Member; Murray, Assistant Ranking Minority Member; Anderson; Conway; Parlette; Sherstad; Wood and Zellinsky.

**Staff:** Bill Hagens (786-7131).

**Background:** Washington is one of 40 states that has sued the nation's largest tobacco companies for consumer protection and antitrust law violations and to recover the costs to the state of treating injuries and illnesses caused by smoking. In June 1997, the states' attorneys general and these companies reached a settlement agreement, which is now subject to approval by Congress and the President. If approved, it is estimated that Washington will receive approximately \$150 million per year for 25 years, amounting to over \$3.5 billion.

Pending approval of the settlement, the state is moving ahead with its lawsuit, with a trial date set for September 1998.

Damages recovered by the state through legal action are typically deposited into the General Fund, where they are subject to appropriation by the Legislature consistent with the spending limitations imposed by Initiative 601.

Money deposited into the Health Services Account is also subject to appropriation, but is not subject to the limitations of Initiative 601. Money in the account may only be appropriated for: (1) maintaining and expanding health services access for low-income residents; (2) maintaining and expanding the public health system; (3) maintaining and improving the capacity of the health care system; (4) containing health care costs; and (5) the regulation, planning, and administering of the health care system.

**Summary of Amended Bill:** All tobacco settlement receipts received by Washington State must be deposited in the Health Services Account. The state Attorney General is required to seek a legal resolution of the action that would place the settlement funding in the HSA.

**Amended Bill Compared to Engrossed Substitute Bill:** Requirement that one-half of the funding be expended for education is deleted.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This is an excellent way to provide funding for the Basic Health Plan and other health programs.

**Testimony Against:** None (as amended).

**Testified:** Nick Federici, Lung Association of Washington; David Allen, American Cancer Society; and David Walsh, Office of the Attorney General.