

SENATE BILL REPORT

SHB 1930

As Reported By Senate Committee On:
Commerce & Trade, March 20, 2003

Title: An act relating to restricting the ability of tobacco product manufacturers, wholesalers, and distributors and other persons to violate or to facilitate the violation of chapter 70.157 RCW.

Brief Description: Enacting procedural enhancements to the master settlement agreement.

Sponsors: House Committee on Finance (originally sponsored by Representatives Morris, Cairnes, Gombosky and Ericksen).

Brief History:

Committee Activity: Commerce & Trade: 3/20/03 [DP].

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: Do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin and Keiser.

Staff: John Dziedzic (786-7784)

Background: In 1998, 46 states, including Washington, signed a "Master Settlement Agreement" (MSA) with leading tobacco companies. The tobacco manufacturers participating in the MSA agreed to make payments to the states and abide by marketing restrictions. The states agreed to release the "participating manufacturers" (PMs) from certain claims by the states.

The MSA encourages states to adopt a "model statute" relating to tobacco manufacturers that did not sign the MSA ("non-participating manufacturers" or NPMs). The statute requires NPMs to deposit funds into an escrow account each year, based on the volume of cigarette sales in the state. This is intended to ensure that there will be funds available to a state if an NPM is sued in the future. Washington enacted the model law, Chapter 70.157 RCW, in 1999.

Some NPMs are not complying with the model laws' escrow requirements. In response to NPM noncompliance issues, without adversely affecting the MSA, 33 other states have either enacted or are now considering "complementary statutes" similar to SHB 1930 and SSB 5852.

Summary of Bill: All tobacco products manufacturers whose cigarettes are sold in Washington must identify the manufacturer's "brand families" to the Attorney General. Only those cigarettes listed in a directory maintained by the Attorney General may be sold in the state.

NPMs must also certify that the NPM (a) is complying with the escrow provision of RCW 70.157 and (b) has appointed an agent for service of process in Washington.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill is identical to SSB 5852. It "levels the playing field" between tobacco manufacturers who are and those who are not complying with the Master Settlement Agreement and related statutes. The major tobacco manufacturers have expressed assurances that the bill does not alter or affect the underlying agreement.

Testimony Against: None.

Testified: PRO: Dave Horn, Office of the Attorney General.