
Appropriations Committee

SB 6541

Brief Description: Regarding appeal bond requirements against signatories of the tobacco master settlement agreement.

Sponsors: Senators Prentice and Zarelli.

Brief Summary of Bill
<ul style="list-style-type: none">Limits to \$100 million the amount of a supersedeas bond that a tobacco manufacturer participating in the Master Settlement Agreement must post to stay execution of a civil judgment.

Hearing Date: 2/16/06

Staff: Kristen Fraser (786-7148).

Background:

In 1996, the state of Washington brought suit against the major tobacco manufacturing companies, seeking reimbursement for costs incurred in treating tobacco-related illnesses as well as damages for violations of consumer protection and anti-trust laws. In 1998, 46 states, including Washington, reached a national settlement with the five largest tobacco manufacturers. The national Master Settlement Agreement (Agreement) requires annual payments by the companies to the participating states. The states will receive up to \$206 billion during the first 25 years of the Agreement, including about \$4.5 billion for Washington. In 2002, the Legislature created the Tobacco Settlement Authority to securitize a portion of the state's tobacco settlement revenues by selling revenue bonds backed by a portion of the settlement proceeds.

Under statute and court rules, a defendant who is appealing a civil judgment for money damages may stay the execution of the judgment by posting with the court a surety bond in double the amount of the judgment.

Summary of Bill:

In any civil litigation involving a tobacco manufacturer who participates in the national Agreement, the surety bond to be required to stay execution of judgment shall not exceed \$100 million, regardless of the value of the judgment, unless the court finds that the manufacturer is dissipating assets to avoid payment of the judgment.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.