

SENATE BILL REPORT

SJM 8023

As Reported By Senate Committee On:
Ways & Means, February 9, 1998

Brief Description: Regarding recovery of damages in tobacco litigation.

Sponsors: Senators Deccio, Wojahn, Benton, Fairley, Wood, Thibaudeau, Franklin, Winsley, Prentice, Oke, Hale, Schow, Morton, Spanel, Roach, Brown, McAuliffe, Bauer, Snyder, B. Sheldon, Jacobsen, T. Sheldon, Rasmussen, Goings, Haugen, Fraser, Kohl, Hargrove, Heavey, Kline and Patterson.

Brief History:

Committee Activity: Ways & Means: 2/3/98, 2/9/98 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Joint Memorial No. 8023 be substituted therefor, and the substitute joint memorial do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Long, Loveland, McDonald, Roach, Rossi, Schow, B. Sheldon, Snyder, Spanel, Swecker and Winsley.

Staff: Steve Jones (786-7440)

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. Under the proposed settlement, the moneys must be used for public health purposes.

To the extent that Washington or other states recover the cost of Medicaid payments to persons with tobacco-related illnesses, the federal government may assert a right to participate in the recovery as reimbursement for the federal share of Medicaid costs.

Summary of Substitute Bill: The Legislature requests that Congress enact legislation to ensure that federal agencies cannot claim a portion of the proceeds from state litigation against the tobacco industry. The Legislature requests that the proceeds of the settlement be transmitted to the states without any conditions, limitations, or restrictions.

Substitute Bill Compared to Original Bill: The original memorial did not request that the funds be transmitted without any conditions, limitations, or restrictions.

Appropriation: None.

Fiscal Note: Not requested.

Testimony: The tobacco settlement moneys should be earmarked for public health purposes because the lawsuits were intended to remedy the damages to public health from tobacco-related injuries and disease.

Testified: Elaine Rose, Office of the Attorney General.