

# FINAL BILL REPORT

## SB 6541

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### C 246 L 06

Synopsis as Enacted

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

**Sponsors:** Senators Prentice and Zarelli.

**Senate Committee on Ways & Means**  
**House Committee on Appropriations**

**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 requires annual payments by the companies to the participating states; up to \$206 billion will be received during the first 25 years of the agreement. 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 in a civil proceeding may stay the execution of a civil judgement, pending an appeal, by posting with the court a surety bond in double the amount of the court judgement.

**Summary:** In any civil litigation involving a tobacco manufacturer participating in the national master tobacco settlement agreement, the surety bond to be required to stay execution of judgement must not exceed one hundred million dollars, regardless of the value of the judgement, unless the court finds that the party is dissipating assets to avoid payment of the judgement.

**Votes on Final Passage:**

Senate	45	2	
House	87	11	(House amended)
Senate	44	4	(Senate concurred)

**Effective:** June 7, 2006