

ALASKA STATE SENATE



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SENATE JUDICIARY COMMITTEE

Senator Ralph Seekins, Chairman
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Senate Bill 307 Sponsor Statement

“An Act relating to the amount of bond required to stay execution of a judgment involving a signatory to the tobacco product Master Settlement Agreement.”

The Tobacco Master Settlement Agreement (“[MSA](#)”) delivers millions of dollars in revenues annually to Alaska and 45 other participatory states. However, the continued receipt of these funds is threatened by the huge judgments that have been awarded against the tobacco companies that are funding the settlement. Defendants facing large judgments almost always have a right to appeal them. And in many cases their appeals are successful, either in terms of obtaining a reduced judgment or in overturning the judgment entirely.

But in order to stay the execution of a money judgment on appeal, a defendant must post a supersedeas (appeal) bond which, in the diminishing number of states that do not have limits on appeal bonds, usually equals the amount of the judgment. In Alaska, the bond required is ordinarily the amount of the judgment remaining unsatisfied, plus appeal costs and interest.

[Senate Bill 307](#) would set a \$100 million limit on the supersedeas bond that MSA signatories, successors, and affiliates must post to stay the execution of a judgment in Alaska. This bond limit would not change any other aspect of the law. It does not change the rules by which the trial is conducted. It does not affect who ultimately wins or loses the lawsuit. And it does not affect the rights of plaintiffs to recover fully the damages to which they are entitled if the judgment is upheld on appeal.

Plaintiffs are also protected by the provision in the proposed legislation that allows the court to require a bond amount up to the value of the judgment *if the appellant is dissipating its assets to avoid paying a judgment*. SB 307 thus would not injure plaintiffs in any way, and it would protect the state by ensuring that it will continue to receive its MSA payments while the tobacco companies fully appeal an adverse judgment.

In this instance Alaska will join 26 other states which have passed legislation or amended court rules to limit the size of the required appeal bond in cases involving large judgments. By joining these states we promote our collective interest with respect to preserving the revenue stream mandated by the Master Settlement Agreement.