

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6574

BILL NUMBER: HB 1193

NOTE PREPARED: Mar 1, 2022

BILL AMENDED: Feb 17, 2022

SUBJECT: Opioid Litigation.

FIRST AUTHOR: Rep. Karickhoff

FIRST SPONSOR: Sen. Mishler

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Opt In:* The bill amends the deadline by which a political subdivision may opt back in to an opioid litigation settlement. It requires a political subdivision to submit a copy of the agreement executed between the political subdivision and the private legal counsel of the political subdivision when opting back into the opioid litigation settlement. It also removes language providing that no political subdivision has any claim to any settlement proceeds for litigation against any opioid party not yet filed by the state as of a certain date.

Fees and Costs: The bill removes certain requirements concerning the payment of costs, expenses, and attorney's fees and costs arising from opioid litigation.

Settlement Distribution: The bill changes the basis by which the agency settlement fund distributes funds to cities, counties, and towns. It reduces the percentage of opioid litigation settlement funds distributed for use of statewide treatment, education, and prevention programs for opioid use disorder. The bill provides that 35% of opioid litigation settlement funds are to be distributed to cities, counties, and towns for programs for treatment, prevention, and care that are best practices for opioid use disorder.

The bill provides that funds received from the opioid settlement may not be distributed to a city, county, or town that has opted out of the settlement and that the remaining funds shall be distributed to the cities, counties, or towns that have opted into the settlement.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill changes the future uses of funds from an opioid settlement

from community-based programs to treatment and prevention programs based on best practices. The funds available to these programs will be 35% of the settlement proceeds.

Explanation of State Revenues: If the extension of the opt-in date and payment of fees and costs incurred by political subdivisions to be paid from the proceeds of the settlement allows additional political subdivisions opt in to the opioid litigation settlement, the state may qualify for settlement proceeds or an additional share of the settlement.

Additional Information - The nationwide settlement agreement, for an estimated \$26 B, was reached in litigation against the manufacturer Janssen Pharmaceuticals, Inc., its parent Johnson & Johnson, and the distributors McKesson, Cardinal Health, and AmerisourceBergen. The settlement provides funds to the states and their political subdivisions for abatement and remediation of the opioid crisis. About \$12.1 B will be distributed to the states based on population and impact of the opioid crisis as a base payment and \$10.6 B will be allocated as an incentive based on the participation of political subdivisions. Payments may be suspended if an insufficient number of political subdivisions participate.

Explanation of Local Expenditures: Political subdivisions are to report to the Attorney General by July 15, 2022, to opt back into the settlement. [There are 27 counties and 45 municipalities that have initiated their own litigation.]

Explanation of Local Revenues: The bill increases the percentage of funds appropriated to the Office of Attorney General for distribution to cities, towns, and counties. The distribution of 50% of the settlement proceeds will be based on opioid impact on the community using a formula from the settlement documentation. [Currently, 15% of the proceeds were to be distributed among cities, towns, and counties on a per capita basis.] For 35% of the settlement proceeds, cities and towns receiving a distribution of less than \$1,000 will have their share applied to the county. Additionally, the amount distributed to political subdivisions that opt-in to the settlement agreement may be increased by the share of political subdivisions that opted-out. [The initial deadline for political subdivisions to opt-in was January 2, 2022.]

State Agencies Affected: Office of the Attorney General; FSSA.

Local Agencies Affected: Political subdivisions.

Information Sources: National Opioids Settlements, *To Local Political Subdivisions: Important Information about the National Opioid Settlement*; National Opioids Settlements, Frequently Asked Questions about the National Opioid Settlement [Subject to ongoing corrections and updates], accessed on December 17, 2021 at <https://nationalopioidsettlement.com/>; Office of the Attorney General, Opioid Settlement Update, August 5, 2021.

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