



Legislative Council Staff

Research Note

Version: Final

Date: 2/22/2017

Bill Number

Senate Bill 17-053

Sponsors

**Senator Sonnenberg
(None)**

Short Title

***Asbestos Litigation Trust
Transparency Priorities***

Research Analyst

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Status

This research note reflects the final version of the bill, which was deemed lost on second reading in the Senate on February 22, 2017.

Background

Asbestos is a mineral fiber that occurs in rock and soil. Asbestos fibers are resistant to heat, fire, and chemicals, and do not conduct electricity. Due to these characteristics, asbestos has been used in a variety of building construction materials for insulation and as a fire retardant, as well as in other manufactured goods. According to the National Cancer Institute, exposure to asbestos increases the risk of developing lung disease, including lung cancer, mesothelioma, and asbestosis.

According to the RAND Institute for Civil Justice, in 1973, the federal Fifth Circuit Court of Appeals issued the first appellate decision upholding a products-liability judgment against an asbestos-producing company. By 2002 nearly \$50 billion had been paid to claimants in asbestos-related lawsuits. Section 524 (g) of the U.S. Bankruptcy Code permits companies that may be liable for harms caused by asbestos to place money, reorganized debtor stock, insurance, and other assets into a trust to pay for current or future claims against the company. The company can then be reorganized as claims are directed toward the trust. As of 2013, nearly 70 companies have filed for bankruptcy under that section, with more than \$18 billion residing in the trust system. As with any claim, a plaintiff might file a liability action against any potentially liable parties, including the aforementioned trusts or other solvent companies.

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Senate Action

Senate Judiciary Committee (February 15, 2017). At the hearing, the committee heard testimony in favor of the bill from representatives of the Colorado Civil Justice League, the Colorado Defense Lawyers Association, and the U.S. Chamber Institute for Legal Reform. The committee heard testimony in opposition to the bill from a representative of the Colorado Trial Lawyers Association and the United Veterans Committee of Colorado, and private citizens. The Committee referred the bill to the Senate Committee of the Whole.

Senate second reading (February 22, 2017). The bill was deemed lost on second reading in the Senate.