

105TH CONGRESS  
1ST SESSION

# S. RES. 104

To state the Sense of the Senate regarding the tax status of payments made as a result of the recent tobacco liability settlement.

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IN THE SENATE OF THE UNITED STATES

JUNE 27, 1997

Mr. HARKIN (for himself, Mr. LAUTENBERG, and Mr. KENNEDY) submitted the following resolution; which was referred to the Committee on Finance

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## RESOLUTION

To state the Sense of the Senate regarding the tax status of payments made as a result of the recent tobacco liability settlement.

Whereas the tobacco industry, state attorneys general, and individual plaintiffs' attorneys have reached an agreement to settle tobacco litigation in 40 states and the tobacco industry has agreed to pay \$368.5 billion over 25 years, most of which would go to States;

Whereas, under the terms of this agreement, this payment will be counted as a "normal and necessary" business expense and will therefore be considered tax deductible for federal tax purposes, potentially requiring American taxpayers to subsidize up to \$147 billion of the settlement payment; and

Whereas, while many of the details of the agreement will require further examination and possible alteration, the United States Senate should go on record stating its concern about this provision's potential impact on federal revenues and the deficit: Now, therefore, be it

1       *Resolved*, That it is the sense of the Senate that to  
2 protect the interests of the American taxpayer, any legisla-  
3 tion implementing the tobacco liability settlement shall  
4 prohibit parties to the agreement from claiming federal  
5 tax deductions for these payments.

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