

INITIATIVE 974

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 974 to the People is a true and correct copy as it was received by this office.

AN ACT Relating to lawsuits for noneconomic and punitive damages; adding a new chapter to Title 4 RCW; and prescribing penalties.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** The people of Washington find that:

(1) Lawsuits for economic damages may be reasonable and fair, using all applicable and current laws, and depending on the facts and circumstances of each individual case, as decided by the presiding judge or jury.

(2) Lawsuits for noneconomic damages, when asking for monetary retribution, are based on two primary reasons:

(a) The notion or feeling that money will help compensate for a nonmonetary loss or help provide comfort or relief in the face of such a loss; or

(b) Greed.

(3) Regarding subsection (2)(a) of this section, the people of Washington believe it to be a false notion since money can only alleviate financial hardship and does not alleviate emotional hardship. Moreover, a monetary value cannot be placed on certain damages or losses, nor should it be.

(4) Regarding subsection (2)(b) of this section, the people of Washington agree that financial gain is an unacceptable reason for entering the courts. They naturally do not like corporations and governments to be greedy, and they also do not want their fellow citizens to be greedy, for the sake of a better society and as a matter of good judgment.

(5) Lawsuits for punitive damages can be reasonable and fair depending on the facts and circumstances of each individual case. However, monetary rewards may be deserved to be taken away from a guilty party, but not earned or deserved to be gained by a victim, as they are not awarded to compensate any loss. However, it is arguable that a portion of the punitive damages should be awarded to the plaintiff as a reward for benefiting society by discouraging negligent behavior, helping to set precedent for acceptable practices and behaviors.

(6) Therefore, the people of Washington, desiring to improve the judgments of the court system and the motives of people pleading before the courts, adopt this chapter.

NEW SECTION. **Sec. 2.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Charitable organization" refers to an organization for which donations are tax deductible for purposes of federal income tax filings, as referenced under Section 170(c)(1) and 501(c)(3) of the internal revenue code but not suspended pursuant to Section 501(p).

(2) "Economic damages" refers to compensation for objectively verifiable monetary losses such as past and future medical expenses, loss of past and future earnings, loss of use of property, costs of repair or replacement, the economic value of domestic services, or loss of employment or business opportunities.

(3) "Noneconomic damages" refers to compensation for subjective, nonmonetary losses such as pain, suffering, inconvenience, emotional distress, loss of society and companionship, loss of consortium, and loss of enjoyment of life.

(4) "Punitive damages" refers to damages awarded for the purpose of punishment, to deter intentional or reckless behavior or actions motivated by malice and to reform damaging practices. Punitive damages are neither economic nor noneconomic damages, as they are not awarded to compensate any loss.

NEW SECTION. **Sec. 3.** (1) For lawsuits filed within jurisdiction of the courts of the state of Washington, it is hereby pronounced that noneconomic damages may no longer be awarded. In addition, punitive damages may now be awarded in Washington state courts. However, a percentage, as determined by the court, but no less than eighty percent, of all punitive damages must be donated to a charitable organization chosen by the plaintiff. The charitable organization chosen must have been established prior to the date that the damages occurred, as determined by tax filings, charity registration with the secretary of state, or other means determined by the courts. The purpose and intent of the restriction on the date established in this section is to prevent the suing party from starting a charity and then funneling money back to themselves.

(2) Any moneys exchanged as part of the charitable donation of punitive damages awarded shall not at any time be handled or owned by the suing party; it shall be given directly from the defendant to the charitable organization via appropriate financial institutions, as set forth by the courts awarding the money.

(3) Any charitable organization being awarded money in accordance with a donation as described in this section shall be subject to audits by the state auditor to determine that no money or benefit was gifted back to the suing party above and beyond normal compensation earned for any duties performed as a wage earning employee of the organization when applicable. If the auditor finds the organization in violation, the organization shall owe the awarded money back to the defendant plus a penalty of up to one million dollars payable to a charitable organization of the state auditor's choosing, provided that the state auditor may not choose to award this penalty to any governmental organization.

NEW SECTION. **Sec. 4.** Sections 1 through 3 of this act constitute a new chapter in Title 4 RCW.

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