

Honolulu, Hawaii
FEB 15 , 2022

RE: H.B. No. 2076
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Judiciary & Hawaiian Affairs, to which was referred H.B. No. 2076 entitled:

"A BILL FOR AN ACT RELATING TO TOBACCO MANUFACTURER QUALIFIED ESCROW FUNDS,"

begs leave to report as follows:

The purpose of this measure is to authorize:

- (1) The assignment of nonparticipating tobacco manufacturer's qualified escrow fund balances to the State; and
- (2) Escrow agents of qualified escrow funds to petition the courts to authorize transfers of funds to the State when a qualified escrow fund is abandoned.

Your Committee received testimony in support of this measure from the Department of the Attorney General. Your Committee received testimony in opposition to this measure from the Hawaii Smokers Alliance and two individuals.

Your Committee finds that the Tobacco Liability Act requires certain tobacco product manufacturers that are not signatories to the Master Settlement Agreement (nonparticipating tobacco manufacturers) to make certain payments into a qualified escrow



fund based on their cigarette sales in the State. Under the Tobacco Liability Act, these nonparticipating tobacco manufacturers are required to open and manage their own escrow fund, with rights to the escrow funds belonging only to the manufacturers and the State.

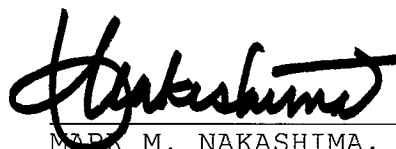
However, your Committee finds that under existing law, the State is unable to accept any assignment of interest from nonparticipating tobacco manufacturers or receive funds of abandoned escrow funds. In 2018, one nonparticipating tobacco manufacturer indicated a willingness to assign its interest in its qualified escrow fund to the State. This step was part of its efforts to close the escrow fund since the manufacturer no longer sold tobacco products in the United States. This measure would authorize such assignments.

Your Committee has amended this measure by:

- (1) Changing the effective date to January 1, 2222, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary & Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2076, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary &
Hawaiian Affairs,



MARK M. NAKASHIMA, Chair



Record of Votes of the Committee on Judiciary & Hawaiian Affairs

Bill/Resolution No.: HB 2076	Committee Referral: JHA, FIN	Date: 2-10-22		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
JHA Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)	✓			
2. MATAYOSHI, Scot Z. (VC)	✓			
3. ICHIYAMA, Linda	✓			
4. KOBAYASHI, Dale T.				✓
5. LoPRESTI, Matthew S.				✓
6. LOWEN, Nicole E.	✓			
7. McKELVEY, Angus L.K.	✓			
8. NAKAMURA, Nadine K.	✓			
9. TAKUMI, Roy M.	✓			
10. TODD, Chris	✓			
11. TOKIOKA, James Kunane	✓			
12. WARD, Gene	✓			
TOTAL (12)	10	0	0	2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: _____				
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