

STAND. COM. REP. NO. 3267

Honolulu, Hawaii

MAR 21 2022

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

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2076, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Provide a mechanism to assign nonparticipating tobacco manufacturer's qualified escrow fund balances to the State; and
- (2) Provide a mechanism for the financial institution acting as the escrow agent of the qualified escrow fund to petition the courts to authorize transfer of funds to the State when the qualified escrow fund is abandoned.

Your Committee received testimony in support of this measure from the Department of the Attorney General.

Your Committee finds that, in 1998, Hawaii and forty-five other states joined in a Master Settlement Agreement (MSA) with four of the largest tobacco manufacturers to settle long-running smoking-related claims. Pursuant to the terms of the MSA, the tobacco companies provide annual payments to the signing states



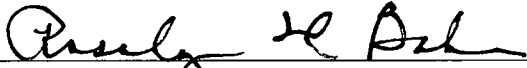
through deposits into qualified escrow accounts based on their cigarette sales in each state. However, existing state law is silent as to how an account is to be closed when a tobacco product manufacturer decides to no longer do business in the State, or if an escrow account is subsequently abandoned. This measure is based on similar laws adopted in other states to provide appropriate mechanisms to accept an assignment of the interest in the escrow accounts, allow the closure of abandoned escrow accounts in a more timely manner, and thereby support tobacco prevention and control efforts.

Your Committee has amended this measure by:

- (1) Making this measure effective upon its approval; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,

  
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ROSALYN H. BAKER, Chair



