

Honolulu, Hawaii

MAR 23 , 2022

RE: S.B. No. 3044  
S.D. 1  
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 S.B. No. 3044, S.D. 1, 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 provide a mechanism for:

- (1) Tobacco product manufacturers that are not signatories to the Master Settlement Agreement to assign their interest in any qualified escrow fund balances to the State; and
- (2) Financial institutions 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 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 existing law is silent as to how a nonparticipating tobacco manufacturer should close an escrow account or what financial institutions may do when an escrow account is abandoned. 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 making a technical, nonsubstantive amendment 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 S.B. No. 3044, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3044, S.D. 1, 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



State of Hawaii  
House of Representatives  
The Thirty-first Legislature

HSCR 125522

**Record of Votes of the Committee on Judiciary & Hawaiian Affairs**

| Bill/Resolution No.:<br><span style="font-size: 1.2em;">SB2044, SD1</span>  | Committee Referral:<br><span style="font-size: 1.2em;">JHA, FIN</span> | Date:<br><span style="font-size: 1.2em;">3-15-22</span> |      |         |
|---|--|---|------|---------|
| <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<br><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. TOKIOKA, James Kunane   | ✓  |   |      |         |
| 11. WARD, Gene  | ✓  |   |      |         |
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| <b>TOTAL (11)</b>   | 10   | 0   | 0    | 1       |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted<br>If joint referral, _____ did not support recommendation.<br><div style="text-align: center; font-size: 0.8em;">committee acronym(s)</div>                              |  |   |      |         |
| Vice Chair's or designee's signature:   |  |   |      |         |
| <b>Distribution:</b> Original (White) – Committee           Duplicate (Yellow) – Chief Clerk's Office           Duplicate (Pink) – HMSO   |  |   |      |         |