

Honolulu, Hawaii

FEB 14 2022

RE: S.B. No. 3044  
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 S.B. No. 3044 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 non-participating tobacco  
manufacturers' qualified escrow account balances to the  
State; and
- (2) Provide a mechanism for the financial institution acting  
as the escrow agent of the qualified escrow account to  
petition the courts to authorize transfer of funds to  
the State when the qualified escrow account 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 one  
individual.

Your Committee finds that Hawaii and forty-five other states  
have entered into a Master Settlement Agreement (MSA) with four of  
the largest tobacco manufacturers for smoking-related claims,



which stipulates that participating tobacco companies provide annual payments to the State. Tobacco product manufacturers that were not among the original four parties to the MSA have the option of making certain payments into a qualified escrow account based on their cigarette sales in the State. However, existing law is silent as to how a tobacco product manufacturer that decides to no longer do business in the State should close the account, or what process is available for financial institutions when an escrow account is abandoned. This measure establishes a mechanism to allow the State to accept an assignment of the interest in the escrow account and allow for financial institutions maintaining a qualified account that has been abandoned to petition a circuit court for an order transferring the funds to the State to reduce unnecessary administrative monitoring.

Your Committee has amended this measure by 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 S.B. No. 3044, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3044, 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,

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3044	CPN, JDC / WAM	2-4-2022		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	X			
CHANG, Stanley (VC)	X			
DECOITE, Lynn	X			
NISHIHARA, Clarence K.	X			
RIVIERE, Gil	X			
SAN BUENAVENTURA, Joy A.	X			
FEVELLA, Kurt				X
<b>TOTAL</b>	6	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes