

STAND. COM. REP. NO. 3001

Honolulu, Hawaii

**MAR 04 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 Committees on Judiciary and Ways and Means, to which was referred S.B. No. 3044, S.D. 1, entitled:

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

beg 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 courts to authorize the transfer of funds to the State when the qualified escrow account is abandoned.

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

Your Committees find that in 1998, Hawai'i and forty-five other states settled smoking-related claims against the then four largest tobacco manufacturers, resulting in parties entering into a Master Settlement Agreement (MSA). Under the MSA, the four tobacco companies were required to make annual payments to the



settling states. Under existing law, tobacco product manufacturers who were not part of the MSA have the option to either submit to the requirements of the MSA, or become a "Non-Participating Manufacturer" (NPM), which requires the NPM to maintain and make payments to a qualified escrow account in the State. Your Committees find that existing law does not provide a mechanism for an NPM that no longer does business in the State to close the escrow account. As a result, many NPMs that no longer do business in the State still maintain and pay fees for escrow accounts they wish to close. This measure authorizes a process for the closure of abandoned NPM escrow accounts.

As affirmed by the records of votes of the members of your Committees on Judiciary and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3044, S.D. 1, and recommend that it pass Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committees on Judiciary and  
Ways and Means,

  
DONOVAN M. DELA CRUZ, Chair

  
KARL RHOADS, Chair





