



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

H.B. NO. 1001, H.D. 1, RELATING TO SETTLEMENT OF CLAIMS RELATED TO THE MAUI WILDFIRES.

BEFORE THE:

HOUSE COMMITTEE ON FINANCE

DATE: Tuesday, February 25, 2025 **TIME:** 12:00 p.m.

LOCATION: State Capitol, Room 308

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Randall S. Nishiyama, Deputy Attorney General

Chair Yamashita and Members of the Committee:

The Department of the Attorney General supports this bill.

The purpose of this bill is to fund the State's share of payments for the Maui Wildfires Settlement Agreements (Agreements) for the compromise and settlement of claims arising from the August 8, 2023, Maui wildfires. Key aspects of the bill include:

1. Establishing the Maui Wildfires Settlement Trust Fund (Trust Fund) to pay for claims arising from the wildfires.
2. Requesting general fund appropriations of an unstated amount for fiscal year 2025-2026 and for fiscal year 2026-2027 to be deposited into the Trust Fund.
3. Making legislative findings that the requested appropriations serve a public purpose.

This bill funds the State's share of the proposed \$4.037 billion settlement for the August 8, 2023, Maui wildfires. The proposed Agreements would provide swift financial relief to approximately 2,200 affected parties who filed lawsuits following the devastating wildfires. By resolving these claims quickly, victims and their families can begin rebuilding their lives much sooner than if litigation were to drag on for years.

The Agreements resolve claims against multiple defendants, including the State of Hawaii, the County of Maui, and several major corporations. This comprehensive

approach avoids piecemeal litigation and provides a coordinated path forward for all parties involved. By avoiding protracted lawsuits, the Agreements save significant legal costs for both plaintiffs and defendants.

A timely resolution to the lawsuits allows the Maui community to focus on healing and rebuilding rather than enduring years of contentious legal battles. In return for receiving payments under the Agreements, the plaintiffs will be releasing the State from any and all liabilities arising out of the Maui wildfires.

Approving this settlement sets a positive precedent for efficient disaster response and resolution of claims. It demonstrates Hawaii's ability to coordinate quickly to respond to disaster and develop solutions in times of crisis.

We request that a general fund appropriation in the amount of \$400,000,000 for fiscal year 2025-2026 and \$407,500,000 for fiscal year 2026-2027 be inserted into this bill.

Legislative funding of the Agreements is crucial for providing timely relief to wildfire victims, promoting economic stability, and allowing Maui to move forward in its recovery efforts.

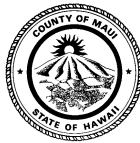
We respectfully ask the Committee to pass this bill with the recommended amendments.

Council Chair
Alice L. Lee

Vice-Chair
Yuki Lei K. Sugimura

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Tom Cook
Gabe Johnson
Tamara Paltin
Keani N.W. Rawlins-Fernandez
Shane M. Sinenci
Nohelani U'u-Hodgins




Director of Council Services
David M. Raatz, Jr., Esq.

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Richelle K. Kawasaki, Esq.

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February 24, 2025

TO: The Honorable Kyle T. Yamashita, Chair
House Committee on Finance

FROM: Alice L. Lee
Council Chair 

SUBJECT: **HEARING OF FEBRUARY 25, 2025; TESTIMONY IN SUPPORT OF
HB1001, HD1, RELATING TO SETTLEMENT OF CLAIMS RELATED TO
THE MAUI WILDFIRES**

I **support** this measure to fund the State's share of payments for the Maui Wildfires Settlement Agreements.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I **support** this measure for the following reasons:

1. Funding the State's share of the proposed \$4.037 billion settlement would help provide swift financial relief to approximately 2,200 affected parties who filed lawsuits after the August 2023 wildfires.
2. The agreements resolve claims against multiple defendants. This comprehensive approach avoids piecemeal and protracted litigation and provides a coordinated path forward for all parties, reducing costs for both plaintiffs and defendants.
3. Legislative funding of the agreements is crucial for promoting economic stability and allowing people to move forward in their recovery efforts.

Thank you for your consideration.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS; Establish Maui Wildfires Settlement Trust Fund

BILL NUMBER: HB 1001 HD 1

INTRODUCED BY: House Committee on Judiciary & Hawaiian Affairs

EXECUTIVE SUMMARY: Makes general fund appropriations for fiscal years 2025-2026 and 2026-2027 to fund the settlement of claims related to the Maui wildfires. Establishes the Maui Wildfires Settlement Trust Fund to be administered by the Attorney General.

SYNOPSIS: Adds a new section to chapter 28, HRS, to establish the Maui wildfires settlement trust fund. Moneys in the fund are to be used for: (1) Payment of eligible claims pursuant to the Maui wildfires settlement agreements; and (2) Payment of administrative costs relating to the Maui wildfires settlement agreements. Any individual who receives compensation from the Maui wildfires settlement agreements under this Act shall execute a release that releases the State from any and all liabilities arising out of the Maui wildfires.

Provides that the Director of Finance may loan moneys to the fund from any other general, special, or revolving funds that are in excess of the amounts necessary for the State's requirements and will not impede or hamper the necessary financial operations of the State. The loans shall be without interest. All loans shall be repaid upon demand of the director of finance.

Upon payment of all applicable claims and costs relating to settlement of claims, the fund will terminate, with any leftover money being returned to the general fund.

Appropriates \$ [unspecified] to the fund for FY 2025-26 and \$[unspecified] for FY 2026-27.

EFFECTIVE DATE: July 1, 3000.

STAFF COMMENTS: This is an Administration bill sponsored by the Department of Attorney General and designated ATG-14 (25).

On Oct. 9, 2023, we published a commentary suggesting enactment of a fund similar to the one presented here. It reads:

Who Really Pays?

Have you ever thought about who, really, pays the cost of something like a Lahaina wildfire or a Hurricane Iniki?

In the Lahaina wildfire case, victims are getting assistance from our federal and state governments. Some of them are trying to short-circuit the process by suing the government. Then the government is suing a private company, our electric utility. Some claimants are also suing private parties, such as owners of the properties that contained

overgrown grass and brush which, according to the lawsuits, fueled the fire and should not have if the properties were maintained properly.

Who really pays for all of this, and how can the costs be minimized?

Let's start with the utility. Utilities work by providing a needed good or service (electricity has some characteristics of both goods and services, but that doesn't matter) and spreading the cost for providing it among the people who want it. And, because it is a private company, it needs to make a profit. So, the costs that fall on the utility and the profit that it gets are, in theory, paid by its customers.

The utility, like other businesses and people, might have bought insurance. If the insurance applies, then the cost that the insurer pays for is spread over a different set of buyers, namely other policy holders of the same insurance company. And, of course, the insurer is a private company as well, so it also needs to make a profit.

To the extent that government pays the costs, it also spreads the costs over a set of people, namely taxpayers. As we often say, "Governments don't pay taxes. Taxpayers pay taxes." But, at least in theory, there is no profit that is needed to run a government. There are inefficiencies, however, which is what we write about often. Inefficiencies include corruption, which some of our state politicians found out about when they received hefty federal sentences; and infighting, which costs a lot but produces little or nothing. (Just look at what's happening with the federal budget in Washington, DC, for multiple examples of infighting.)

The costs of fighting, attorney fees for example, are also a problem for individuals and businesses whether or not they are making a profit.

How do we lessen the overall cost of this tragedy to the ultimate bearers of these costs, namely us, as taxpayers and ratepayers and business customers?

First, we need to reduce the number of times that profits are mixed into the costs and expand to the extent possible the number of people who will be paying.

Second, we need to reduce or eliminate the costs of corruption, fraud, and related bad behavior.

Third, we need to get rid of the costs of fighting among ourselves relating to who pays the costs.

How about it, then, if we enact a law next session that says: There will be a fund of \$X. People who lived in the affected area can take \$x from the fund. Businesses with a physical location in the affected area can take \$y from the fund. Government, the utility, and other people or entities who had responsibility for the tragedy need to pay into the fund. Lawsuits won't be allowed by or against contributors or recipients of fund money. (This is somewhat like our workers' compensation system.) Anyone who submits a fraudulent claim or steals fund money gets thrown in the hoosegow without mercy. In the legislative process, we work out how much is paid by whom. There may be

disagreements, but they should be resolved in one session and not over multiple years with judgments and appeals.

Maybe that will help all of us, who in one way or another are going to bear the costs of this tragedy.

Digested: 2/23/25