

# Finance, Revenue and Bonding Committee

## JOINT FAVORABLE REPORT

**Bill No.:** HB-6924

AN ACT CONCERNING THE ASSIGNMENT OF FUNDS IN QUALIFIED ESCROW FUNDS AND THE APPOINTMENT OF AN AGENT BY CERTAIN

**Title:** TOBACCO PRODUCT MANUFACTURERS.

**Vote Date:** 4/18/2023

**Vote Action:** Joint Favorable

**PH Date:** 4/3/2023

**File No.:**

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### **SPONSORS OF BILL:**

Finance, Revenue and Bonding Committee on behalf of the Office of the Attorney General.

### **REASONS FOR BILL:**

This bill would authorize tobacco product manufacturers to transfer funds placed in escrow in Connecticut under the Master Settlement Agreement (MSA) to the state Tobacco and Health Trust Fund. It would also require nonparticipating tobacco product manufacturers (NPMs) to appoint an agent in Connecticut for service of process, and makes the secretary of the state the agent for those that do not designate one.

These changes would help streamline the accounting and administration workflow on the MSA at the Office of the Attorney General, and would allow the state to bring a civil action against a NPM for violations of law.

### **RESPONSE FROM ADMINISTRATION/AGENCY:**

[William Tong, Attorney General, State of Connecticut](#) provided background on the MSA before outlining the changes he requested be made to it.

In 1998, 52 state and territory attorneys general signed the MSA with the four largest tobacco companies in the US to settle dozens of state lawsuits brought to recover billions of dollars in health care costs associated with treating smoking-related illnesses.

The MSA's purpose is to reduce smoking in the U.S., especially in youth, which is achieved through raising the cost of cigarettes by imposing payment obligations on tobacco companies. Those funds accrued are disbursed under the MSA and are used to restrict advertising, marketing and promotions, and fund smoking prevention and cessation programming.

Since 1999, Connecticut has received over \$2.8 billion in funds under the MSA and the upcoming annual payment will be \$124 million.

Under the MSA, NPMs of tobacco products, are required to hold funds in escrow for the benefit of Connecticut. Starting in 2025, Connecticut must start authorizing the return of funds. This bill would allow abandoned NPM accounts to be closed and the money transferred to the Tobacco and Health Trust Fund.

The bill would also require NPMs that have made escrow deposits for the state's benefit to designate an agent for service of process. That provision is essential to allowing the state to bring a civil action against an NPM for violations of law.

**NATURE AND SOURCES OF SUPPORT:**

None expressed.

**NATURE AND SOURCES OF OPPOSITION:**

[Tony Olivero](#) provided general comments requesting that their income and property taxes be cut. They state that absorbing the rising cost of inflation has been tough.

**Reported by: Ash Northey**

**Date: April 27, 2023**