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LB 572

developed by a working group of more than 60 representatives of 37 state attorney general and tax administrators. It is designed to help AGs around the country enforce the escrow statute. Currently, 20 other states have enacted model contemporary legislation such as LB 572, and it is pending in 16 other states. The escrow statute requires nonparticipating manufacturers, NPMs, that have not joined the Master Settlement Agreement to make escrow payments if their cigarettes are sold in the state. This law is intended to ensure that the state will have a source of recovery should it sue a nonparticipating manufacturer in the future for noncompliance. Also, the escrow statute is intended to prevent a nonparticipating manufacturer from unfairly exploiting a price advantage to derive short-term profits and then disappear. In short, LB 572 helps the Attorney General make sure that nonparticipating manufacturers are meeting their escrow payments and those obligations under the escrow statute. The escrow amounts were designed to be equivalent to those who are participating members of the MSA. Both participating and nonparticipating manufacturers are required to make a certification of cigarettes by brand family that are part of the settlement or escrow. The Tax Commissioner then will be required to maintain a directory of compliant brand family cigarettes on a directory. A cigarette wholesaler will not be allowed to stamp any cigarette brand that is not on the directory. If a brand cigarette falls into noncompliance of the MSA or escrow statute, then they will be delisted from the directory, and will be no longer allowed to sell cigarettes in this state. The amendment today are a result of negotiations between the AG's Office, the nonparticipating producers, and both are in agreement with them at this time. We are continuing to dialogue with the nonparticipating manufacturers, and if any more changes need to be made, we can do that on Select File. However, at this time, this legislation meets with the requirements of the relevant groups. And I would just thank you for your time, and ask for advancement of LB 572. There are committee amendments, Mr. President.

SENATOR CUDABACK: Thank you, Senator Jensen. You've heard the opening on advancement of LB 572. There are Revenue Committee amendments, as stated by the Clerk. Senator Connealy, you're recognized to open on those committee amendments.