

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 1460
Committee Substitute Favorable 5/21/07

Short Title: Quarterly Escrow Deposits. (Public)

Sponsors:

Referred to:

April 16, 2007

A BILL TO BE ENTITLED

AN ACT TO ALLOW THE ATTORNEY GENERAL TO REQUIRE CERTAIN
CIGARETTE MANUFACTURERS TO MAKE QUARTERLY ESCROW
DEPOSITS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 66-294.1 is amended by adding a new subsection to read:
"§ 66-294.1. Duties of Attorney General.

...

(c) Quarterly Escrow Installments. – To promote compliance with this Article, the Attorney General shall require a nonparticipating manufacturer to make the escrow deposits required by G.S. 66-291(a)(2) in quarterly installments during the year in which the sales covered by the deposits are made if one or more of the conditions in this subsection apply. A quarterly installment must be made by the last day of the month following the end of the quarter. The Attorney General must notify a nonparticipating manufacturer required to make quarterly escrow deposits under this subsection of its duty to do so by first-class mail sent to the manufacturer's last known address. The Attorney General may require production of information sufficient to enable the Attorney General to determine the adequacy of the amount of any installment escrow payment.

- (1) The nonparticipating manufacturer has not previously established and funded a qualified escrow fund in North Carolina.
- (2) The nonparticipating manufacturer has not made any escrow deposits for more than one year.
- (3) The nonparticipating manufacturer has failed to make a timely and complete escrow deposit in any prior calendar year.
- (4) The nonparticipating manufacturer has failed to pay any judgment, including any civil penalty.
- (5) The nonparticipating manufacturer sells more than 1,000,000 cigarettes during a calendar quarter.

1 (6) The Attorney General has reasonable cause to believe that the
2 nonparticipating manufacturer may not make its full required escrow
3 deposit by April 15 of the year following the year in which the
4 cigarette sales are made."

5 **SECTION 2.** This act becomes effective July 1, 2007.