
Chapter 115. AN ACT RELATIVE TO THE ENTERPRISE FUND FOR THE GOLF COURSE IN THE TOWN OF BREWSTER.

Be it enacted, etc., as follows:

SECTION 1. Section 2 of chapter 182 of the acts of 1997 is hereby repealed.

SECTION 2. This act shall take effect on June 30, 2000.

Approved June 29, 2000.

Chapter 116. AN ACT RELATIVE TO SCHOOL CLOSINGS IN THE CITY OF WOBURN.

Be it enacted, etc., as follows:

SECTION 1. Section 31 of chapter 172 of the acts of 1897 is hereby amended by adding the following sentence:- No public school in the city of Woburn shall be closed unless the school committee votes to build a new school on the same lot, or unless the closing of such public school is approved by a two-thirds vote of the school committee and by a two-thirds vote of the city council.

SECTION 2. This act shall take effect upon its passage.

Approved June 29, 2000.

Chapter 117. AN ACT RELATIVE TO CERTAIN TOBACCO MANUFACTURERS.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is forthwith to ensure that the financial burdens imposed on the commonwealth as a result of cigarette smoking be borne by tobacco product manufacturers as provided for in this act, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public health and convenience.

Be it enacted, etc., as follows:

SECTION 1. The general court finds that:

(a) Cigarette smoking presents serious public health concerns to the commonwealth and to the citizens of the commonwealth. The Surgeon General has determined that smoking causes lung cancer, heart disease and other serious diseases, and that there are hundreds of thousands of tobacco-related deaths in the United States each year. These diseases most often do not appear until many years after the person in question begins smoking.

(b) Cigarette smoking also presents serious financial concerns for the commonwealth. Under certain health care programs, the commonwealth may have a legal obligation to provide medical assistance to eligible persons for health conditions associated with cigarette

smoking, and those persons may have a legal entitlement to receive such medical assistance.

(c) Under these programs, the commonwealth pays millions of dollars each year to provide medical assistance for these persons for health conditions associated with cigarette smoking.

(d) It is the policy of the commonwealth that financial burdens imposed on the commonwealth by cigarette smoking be borne by tobacco product manufacturers rather than by the commonwealth to the extent that such manufacturers either determine to enter into a settlement with the commonwealth or are found culpable by the courts.

(e) On November 23, 1998, leading United States tobacco product manufacturers entered into a settlement agreement, entitled the "Master Settlement Agreement", with the commonwealth. The Master Settlement Agreement obligates these manufacturers, in return for a release of past, present, and certain future claims against them as described therein, to pay substantial sums to the commonwealth, tied in part to their volume of sales; to fund a national foundation devoted to interests of public health; and to make substantial changes in their advertising and marketing practices and corporate culture, with the intention of reducing underage smoking.

(f) It would be contrary to the policy of the commonwealth if tobacco product manufacturers who determine not to enter into such a settlement could use a resulting cost advantage to derive large, short-term profits in the years before liability may arise without ensuring that the commonwealth will have an eventual source of recovery from them if they are proven to have acted culpably. It is thus in the interest of the commonwealth to require that such manufacturers establish a reserve fund to guarantee a source of compensation and to prevent such manufacturers from deriving large, short-term profits and then becoming judgment proof before liability may arise.

SECTION 2. The General Laws are hereby amended by inserting after chapter 94D the following chapter:-

CHAPTER 94E.

PROVISIONS CONCERNING CERTAIN TOBACCO MANUFACTURERS.

Section 1. As used in this chapter, the following words shall have the following meanings:-

"Adjusted for inflation", increased in accordance with the formula for inflation adjustment set forth in Exhibit C to the Master Settlement Agreement.

"Affiliate", a person who directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person. Solely for purposes of this definition, the terms "owns", "is owned", and "ownership" mean ownership of an equity interest, or the equivalent thereof, of 10 per cent or more; and the term "person" means an individual, partnership, committee, association, corporation or any other organization or group of persons.

"Allocable share", allocable share as that term is defined in the Master Settlement Agreement.

Chap. 117

"Cigarette", any product that contains nicotine, is intended to be burned or heated under ordinary conditions of use, and consists of or contains (a) any roll of tobacco wrapped in paper or in any substance not containing tobacco; (b) tobacco, in any form, that is functional in the product, which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette; or (c) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in clause (a) of this definition. The term "cigarette" includes "roll-your-own", so-called, which is any tobacco that, because of its appearance, type, packaging, or labeling is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes. For purposes of this definition of "cigarette", 0.09 ounces of "roll-your-own" tobacco shall constitute one individual "cigarette".

"Master Settlement Agreement", the settlement agreement, and related documents, entered into on November 23, 1998 by the commonwealth and leading United States tobacco product manufacturers.

"Qualified escrow fund", an escrow arrangement with a federally or state chartered financial institution having no affiliation with any tobacco product manufacturer and having assets of at least \$1,000,000,000 where such arrangement requires that such financial institution hold the escrowed funds' principal for the benefit of releasing parties and prohibits the tobacco product manufacturer placing the funds into escrow from using, accessing or directing the use of the funds' principal except as consistent with clause (b) of section 2.

"Released claims", released claims as that term is defined in the Master Settlement Agreement.

"Releasing parties", releasing parties as that term is defined in the Master Settlement Agreement.

"Tobacco product manufacturer", an entity that directly, and not exclusively through any affiliate:

(a) manufactures cigarettes anywhere that such manufacturer intends to be sold in the United States, including cigarettes intended to be sold in the United States through an importer (except where such importer is an original participating manufacturer, as that term is defined in the Master Settlement Agreement, that will be responsible for the payments under the Master Settlement Agreement with respect to such cigarettes as a result of the provisions of subsection II(mm) of the Master Settlement Agreement and that pays the taxes specified in subsection II(z) of the Master Settlement Agreement, and if the manufacturer of such cigarettes does not market or advertise such cigarettes in the United States);

(b) is the first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or

(c) becomes a successor of an entity described in clause (a) or (b).

Chap. 117

The term "Tobacco product manufacturer" shall not include an affiliate of a tobacco product manufacturer unless such affiliate itself falls within clauses (a) to (c), inclusive.

"Units sold", the number of individual cigarettes sold in the commonwealth by the applicable tobacco product manufacturer, whether directly or through a distributor, retailer or similar intermediary or intermediaries, during the year in question, as measured by excise taxes collected by the commonwealth on packs, or "roll-your-own", so-called, tobacco containers, bearing the excise tax stamp of the commonwealth. The department of revenue shall promulgate such regulations as are necessary to ascertain the amount of state excise tax paid on the cigarettes of such tobacco product manufacturer for each year.

Section 2. Any tobacco product manufacturer selling cigarettes to consumers within the commonwealth, whether directly or through a distributor, retailer or similar intermediary or intermediaries, shall do one of the following:

(a) become a participating manufacturer, as that term is defined in section II(jj) of the Master Settlement Agreement, and generally perform its financial obligations under the Master Settlement Agreement; or

(b) (1) place into a qualified escrow fund by April 15 of the year following the year in question the following amounts as such amounts are adjusted for inflation:

(i) 2000: \$.0104712 per unit sold;

(ii) for each of 2001 and 2002: \$.0136125 per unit sold;

(iii) for each of 2003 through 2006: \$.0167539 per unit sold;

(iv) for each of 2007 and each year thereafter: \$.0188482 per unit sold.

(2) a tobacco product manufacturer that places funds into escrow pursuant to subclause (1) shall receive the interest or other appreciation on such funds as earned. Such funds themselves shall be released from escrow only under the following circumstances:-

(i) to pay a judgment or settlement on any released claim brought against such tobacco product manufacturer by the commonwealth or any releasing party located or residing in the commonwealth. Funds shall be released from escrow under this subclause (A) in the order in which they were placed into escrow and (B) only to the extent and at the time necessary to make payments required under such judgment or settlement;

(ii) to the extent that a tobacco product manufacturer establishes that the amount it was required to place into escrow in a particular year was greater than the commonwealth's allocable share of the total payments that such manufacturer would have been required to make in that year under the Master Settlement Agreement (as determined pursuant to section IX(i)(2) of the Master Settlement Agreement, and before any of the adjustments or offsets described in section IX(i)(3) of that Agreement, other than the inflation adjustment) had it been a participating manufacturer, the excess shall be released from escrow and revert back to such tobacco product manufacturer; or

(iii) to the extent not released from escrow under paragraphs (i) or (ii) of subclause (2) of clause (b), funds shall be released from escrow and revert back to such tobacco product manufacturer 25 years after the date on which they were placed into escrow.

Chap. 117

(3) Each tobacco product manufacturer that elects to place funds into escrow pursuant to this section shall annually certify to the attorney general that it is in compliance with this section. The attorney general may bring a civil action on behalf of the commonwealth against any tobacco product manufacturer that fails to place into escrow the funds required under this section.

(4) Any tobacco product manufacturer that fails in any year to place into escrow the funds required under this section shall:

(i) be required within 15 days to place such funds into escrow as shall bring it into compliance with this section. The court, upon a finding of a violation of this section, may impose a civil penalty to be paid to the general fund of the commonwealth in an amount not to exceed 5 per cent of the amount improperly withheld from escrow per day of the violation, and in a total amount not to exceed 100 per cent of the original amount improperly withheld from escrow;

(ii) in the case of a knowing violation, be required within 15 days to place such funds into escrow as shall bring it into compliance with this section. The court, upon a finding of a knowing violation of this section, may impose a civil penalty to be paid to the general fund of the commonwealth in an amount not to exceed 15 per cent of the amount improperly withheld from escrow per day of the violation, and in a total amount not to exceed 300 per cent of the original amount improperly withheld from escrow; and

(iii) in the case of a second, knowing violation, be prohibited from selling cigarettes to consumers within the commonwealth, whether directly or through a distributor, retailer or similar intermediary, for a period not to exceed two years.

Each failure to make an annual deposit required under this section shall constitute a separate violation.

SECTION 3. Section 2 of chapter 94E of the General Laws, as appearing in section 2 of this act, shall apply to a tobacco product manufacturer selling cigarettes to consumers within the commonwealth only after the effective date of this act.

SECTION 4. Paragraph (i) of subclause (1) of clause (b) of section 2 of chapter 94E of the General Laws shall apply to units sold only after the effective date of this act.

Approved June 29, 2000.

Chapter 118. AN ACT RELATIVE TO THE TRANSFER OF LAND IN THE TOWN OF RUSSELL.

Be it enacted, etc., as follows:

SECTION 1. The town of Russell, acting through its board of selectmen, may transfer the care and custody of two areas of park land located within Strathmore Park, known as "Water Supply System Parcel" and "Zone 1", to the board of water commissioners