

ACT 301

H.B. NO. 1001

A Bill for an Act Relating to Settlement of Claims Related to the Maui Wildfires.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that the payment of state moneys to a fund established to pay claims related to the devastating 2023 Maui wildfires,

as those claims are compromised and settled, serves a public purpose and is for the public health, safety, and general welfare of the State for the following reasons:

- (1) The 2023 Maui wildfires had a devastating impact on the residents of Maui, resulting in real and personal property damage, personal injury, wrongful death, emotional distress and inconvenience, and economic loss;
- (2) Establishing a trust fund to allow the State to respond with compassion and support for those affected by the 2023 Maui wildfires, ensuring that victims or their personal representatives are provided with fair and just compensation on a timely basis, is in the public interest;
- (3) Contributing state funds to be used along with contributions from others, including the county of Maui, Hawaiian Electric, Kamehameha Schools, Charter Communications/Spectrum, Hawaiian Telcom, and West Maui Land Company, for the compromise and settlement of claims against the State and others related to the 2023 Maui wildfires to compensate those who have suffered real and personal property damage, personal injury, wrongful death, emotional distress and inconvenience, or economic loss in the 2023 Maui wildfires is in the public interest;
- (4) Settling claims related to the 2023 Maui wildfires is an efficient mechanism to address the urgent and exceptional situation caused by the 2023 Maui wildfires, and will offer a unique ability to help those in need;
- (5) The complexity and challenges of tort litigation, including the length of time needed to resolve lawsuits, make it prudent to provide an alternative to litigation through the State's contribution to the Maui wildfires settlement agreements that will allow for the early compromise and settlement of claims and expedite the compensation process for those impacted by the 2023 Maui wildfires;
- (6) It is in the public interest to encourage swift and fair resolution to claims arising from the 2023 Maui wildfires, thus alleviating the burden on the judicial system and fostering community support, unity, and recovery in the aftermath of the 2023 Maui wildfires; and
- (7) Individuals receiving compensation pursuant to the Maui wildfires settlement agreements shall release the State and other parties that contribute to the Maui wildfires settlement agreements from further liability and shall voluntarily waive their rights to pursue damages through litigation for real and personal property damage, personal injury, wrongful death, emotional distress and inconvenience, and economic loss, contributing to a more efficient resolution process.

The legislature further finds that the Maui wildfires settlement agreements reached in November 2024 aim to resolve lawsuits related to the 2023 Maui wildfires. Under the proposed terms of the Maui wildfires settlement agreements, the seven defendants - the State of Hawaii, county of Maui, Hawaiian Electric, Kamehameha Schools, Charter Communications/Spectrum, Hawaiian Telcom, and West Maui Land Company - collectively agreed to pay \$4,037,000,000 to provide compensation to the approximately two thousand two hundred affected parties who filed lawsuits. The State's contribution is approximately \$807,500,000, to be paid over four years. The State's settlement amount is in addition to the State's \$65,000,000 contribution to the One Ohana Fund for wildfire assistance.

The allocation of funds and the determination of individual compensation amounts have yet to be finalized.

Further, the Hawaii supreme court recently decided in *In re Petition for the Coordination of Maui Fire Cases* that property and casualty insurance companies may only recover payments made to policyholders for 2023 Maui wildfire damages using a statutory lien. This limitation on the subrogation remedies available to insurers allows the settlement to proceed as planned.

Consequently, the legislature finds that authorizing the expenditure of public moneys as the State's payment to the compromise and settlement of claims arising from the 2023 Maui wildfires will provide a means of compensation to any individual or personal representative of a deceased individual who suffered real and personal property damage, personal injury, wrongful death, emotional distress and inconvenience, or economic loss as a result of the 2023 Maui wildfires, and will offer a timely and compassionate resolution to those affected by the Maui wildfires while relieving the burden on the judicial system and contributing to the rebuilding of lives and community. The State's contribution to the settlement of claims will be distributed pursuant to the Maui wildfires settlement agreements.

Further, the legislature finds that the Maui wildfires settlement trust fund is recognized as a trust fund, where the claimants of the Maui wildfires settlement hold a vested beneficial interest that was established by a legislative appropriation that restricts the use of the trust fund exclusively for settling claims arising from the 2023 Maui wildfires and covering its administrative costs.

Accordingly, the purpose of this Act is to:

- (1) Establish the Maui wildfires settlement trust fund to be administered by the attorney general; and
- (2) Appropriate funds to fund the settlement of claims related to the 2023 Maui wildfires.

SECTION 2. Chapter 28, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

“§28- Maui wildfires settlement trust fund. (a) There shall be established in the state treasury the Maui wildfires settlement trust fund, which shall be administered by the attorney general, and into which shall be deposited:

- (1) Appropriations made by the legislature to the trust fund;
- (2) All interest accruing from the investment of moneys in the trust fund; and
- (3) Loans made to the trust fund.

(b) Moneys in the Maui wildfires settlement trust fund shall be used for the following purposes:

- (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.

(c) The Maui wildfires settlement trust fund shall be terminated upon payment of all claims and costs relating to settlement of claims under the Maui wildfires settlement agreements. Upon termination, moneys in the trust fund shall revert back to the State and shall lapse to the general fund; provided that any moneys advanced to the trust fund as a loan shall be repaid without interest.

(d) The director of finance may loan moneys to the Maui wildfires settlement trust fund from the general, special, or revolving funds of the State that, in the director of finance's judgment, 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.

(e) Upon approval of the governor, the attorney general may expend up to the balance in the trust fund for costs as authorized by this section.

(f) Any individual who receives compensation from the Maui wildfires settlement trust fund under this section shall execute a release that releases the State from any and all liabilities arising out of the Maui wildfires.

(g) The department of the attorney general shall submit a report to the legislature no later than thirty days prior to the convening of each regular session that shall include their receipts and disbursements of the Maui wildfires settlement trust fund for the prior fiscal year.”

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of \$400,000,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the sum of \$407,500,000 or so much thereof as may be necessary for fiscal year 2026-2027 to be deposited into the Maui wildfires settlement trust fund to fund the State’s contribution to the settlement of claims related to the 2023 Maui wildfires and for the payment of administrative expenses relating to the Maui wildfires settlement agreements.

The sums appropriated shall be expended by the department of the attorney general for the purposes of this Act.

SECTION 4. New statutory material is underscored.¹

SECTION 5. This Act shall take effect on July 1, 2025.

(Approved July 8, 2025.)

Note

1. Edited pursuant to HRS §23G-16.5.