

1 HOUSE BILL NO. 921

2 INTRODUCED BY B. MERCER, L. JONES

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS ON STATE SETTLEMENT PROCEEDS;  
5 REQUIRING THAT SETTLEMENT PROCEEDS BE DEPOSITED IN THE STATE GENERAL FUND;  
6 PROVIDING THAT DEFRAYING COSTS OF LITIGATION IS A DISCRETIONARY USE OF FUNDS;  
7 PROVIDING EXCEPTIONS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING AN  
8 APPROPRIATION; AMENDING SECTIONS 30-14-143 AND 30-14-226, MCA; AND PROVIDING AN  
9 EFFECTIVE DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 NEW SECTION. **Section 1. Settlement funds.** Except as provided in [section 4] and this section,  
14 any settlement agreement or amounts otherwise ordered to be paid based on claims or litigation made on  
15 behalf of the state or its citizens by the department of justice or any other state agency, after reducing the  
16 amount for any costs and expenses incurred to obtain the recovery and attorney fees, whether or not received  
17 as a result of litigation, must be deposited in the state general fund.

- 18 (2) This section does not apply to:
  - 19 (a) settlements executed before [the effective date of this act];
  - 20 (b) any money received for the Montana tobacco settlement trust fund, as authorized in Article 12  
21 of the Montana constitution;
  - 22 (c) any money recovered pursuant to 30-14-143 and 30-14-226;
  - 23 (d) funds designated in the settlement agreement as restitution that must be disbursed to victims;
  - 24 (e) funds otherwise authorized for disbursement pursuant to Title 30, chapter 10, and Title 33; and
  - 25 (f) recoveries ~~made by the natural resources damage program relating to natural resource~~  
26 damages for restoration and remediation activities or cost recovery, ~~both of~~ which must be directed to state  
27 special revenue accounts.

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1           **Section 2.** Section 30-14-143, MCA, is amended to read:

2           **"30-14-143. Disposition of civil fines, settlement proceeds, amounts awarded in judgments,**  
3 **costs, and fees.** (1) (a) Except as provided in subsection (1)(c), all civil fines, settlement proceeds ~~not~~  
4 ~~otherwise designated for a specific use pursuant to court order,~~ amounts awarded in judgments, costs, and fees  
5 received or recovered by the department pursuant to this part must be deposited into a state special revenue  
6 account to the credit of the department, ~~and must~~ Balances in this account may be used to defray the expenses  
7 of the department in discharging its administrative and regulatory powers and duties in relation to this part.

8           (b) At the end of each biennium, the balance in the state special revenue account may not exceed  
9 three times the amount of the budget appropriated to the department to discharge its powers and duties under  
10 this part for that biennium. Funds received before July 1, 2023, that are ~~otherwise obligated to implement the~~  
11 provisions of the settlement agreement are not considered part of the balance of the state special revenue  
12 account. Any excess civil fines, settlement proceeds ~~not otherwise designated for a specific use pursuant to~~  
13 ~~court order,~~ amounts awarded in judgment judgments, costs, or fees recovered by the department pursuant to  
14 this part must be transferred to the general fund no later than the first business day in January of the  
15 subsequent biennium.

16           (c) All civil fines received or recovered by the department pursuant to 30-14-144 must be  
17 deposited in the general fund.

18           (2) All civil fines, settlement proceeds, amounts awarded in judgments, costs, and fees received or  
19 recovered by a county attorney pursuant to this part must be paid to the general fund of the county in which the  
20 action was commenced."

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22           **Section 3.** Section 30-14-226, MCA, is amended to read:

23           **"30-14-226. Disposition of civil fines, settlement proceeds, amounts awarded in judgments,**  
24 **costs, and fees.** (1) All civil fines, settlement proceeds ~~not otherwise designated for a specific use pursuant to~~  
25 ~~court order,~~ amounts awarded in judgments, costs, and fees received or recovered by the department pursuant  
26 to this part must be deposited into a state special revenue account to the credit of the department, ~~and must~~  
27 Balances in this account may be used to defray the expenses of the department in discharging its  
28 administrative and regulatory powers and duties in relation to this part.

1 (2) At the end of each biennium, the balance in the state special revenue account may not exceed  
 2 three times the amount of the budget appropriated to the department to discharge its powers and duties under  
 3 this part for that biennium. Funds received before July 1, 2023, that are otherwise obligated to implement the  
 4 provisions of the settlement agreement are not considered part of the balance of the state special revenue  
 5 account. Any excess civil fines, settlement proceeds ~~not otherwise designated for a specific use pursuant to~~  
 6 ~~court order~~, amounts awarded in judgment judgments, costs, or fees recovered by the department pursuant to  
 7 this part must be transferred to the general fund no later than the first business day in January of the  
 8 subsequent biennium."  
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10 NEW SECTION. Section 4. Exceptions related to settlement proceed allocation. ~~Although~~  
 11 ~~disfavored, the~~The governor may authorize money obtained through a settlement agreement to be allocated in  
 12 a manner different than required by [section 1], 30-14-143, and 30-14-226.  
 13

14 NEW SECTION. Section 5. Reporting requirements. The governor shall report to the legislative  
 15 finance committee if the authority provided for in [section 4] is utilized to distribute settlement proceeds in a  
 16 manner different than required by [section 1], 30-14-143, and 30-14-226.  
 17

18 NEW SECTION. Section 6. Appropriation. There is appropriated \$10,000 from the general fund to  
 19 the office of the governor for the biennium beginning July 1, 2023, to report on the use of authority pursuant to  
 20 [sections 4 and 5] of [this act].  
 21

22 NEW SECTION. Section 7. Codification instruction. [Sections 1, 4, and 5] are intended to be  
 23 codified as an integral part of Title ~~30, chapter 14~~ 2, chapter 15, and the provisions of Title ~~30, chapter 14~~, 2,  
 24 chapter 15, apply to [sections 1, 4, and 5].  
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26 NEW SECTION. Section 8. Effective date. [This act] is effective July 1, 2023.  
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