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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1058

02/11/2019 Authored by Halverson, Loeffler, Fischer, Freiberg and Elkins
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to health; requiring certain litigation proceeds to be appropriated to the
1.3 commissioner of health and used for tobacco use prevention activities; appropriating
1.4 money; amending Minnesota Statutes 2018, section 16A.151, subdivision 2;
1.5 proposing coding for new law in Minnesota Statutes, chapter 144.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2018, section 16A.151, subdivision 2, is amended to read:

1.8 Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific
1.9 injured persons or entities, this section does not prohibit distribution of money to the specific
1.10 injured persons or entities on whose behalf the litigation or settlement efforts were initiated.
1.11 If money recovered on behalf of injured persons or entities cannot reasonably be distributed
1.12 to those persons or entities because they cannot readily be located or identified or because
1.13 the cost of distributing the money would outweigh the benefit to the persons or entities, the
1.14 money must be paid into the general fund.

1.15 (b) Money recovered on behalf of a fund in the state treasury other than the general fund
1.16 may be deposited in that fund.

1.17 (c) This section does not prohibit a state official from distributing money to a person or
1.18 entity other than the state in litigation or potential litigation in which the state is a defendant
1.19 or potential defendant.

1.20 (d) State agencies may accept funds as directed by a federal court for any restitution or
1.21 monetary penalty under United States Code, title 18, section 3663(a)(3) or United States
1.22 Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue

2.1 account and are appropriated to the commissioner of the agency for the purpose as directed
2.2 by the federal court.

2.3 (e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph
2.4 (t), may be deposited as provided in section 16A.98, subdivision 12.

2.5 (f) Money recovered by or ordered to be paid to the state from a nonparticipating
2.6 manufacturer or a participating manufacturer, including future annual payments and arrears
2.7 payments, under the terms of a settlement or judgment from litigation regarding annual
2.8 tobacco settlement payments on transferred tobacco brands, shall be deposited in the tobacco
2.9 use prevention account under section 144.397. For purposes of this paragraph:

2.10 (1) "litigation regarding annual tobacco settlement payments on transferred tobacco
2.11 brands" has the meaning given in section 144.397, subdivision 3, paragraph (c);

2.12 (2) "nonparticipating manufacturer" has the meaning given in section 144.397, subdivision
2.13 3, paragraph (d); and

2.14 (3) "participating manufacturer" has the meaning given in section 16A.98, subdivision
2.15 1, paragraph (j).

2.16 **EFFECTIVE DATE.** Paragraph (f) is effective the day following final enactment and
2.17 applies to settlements reached or judgments entered on or after that date.

2.18 Sec. 2. **[144.397] TOBACCO USE PREVENTION ACCOUNT.**

2.19 **Subdivision 1. Account created.** A tobacco use prevention account is created in the
2.20 special revenue fund. The commissioner of management and budget shall deposit into the
2.21 account all money recovered by or ordered to be paid to the state from a nonparticipating
2.22 manufacturer or a participating manufacturer, including future annual payments and arrears
2.23 payments, under the terms of a settlement or judgment from litigation regarding annual
2.24 tobacco settlement payments on transferred tobacco brands.

2.25 **Subd. 2. Uses of money in account.** Each fiscal year, \$12,000,000 from the tobacco
2.26 use prevention account is appropriated to the commissioner of health for tobacco use
2.27 prevention activities in section 144.396. In the event that the balance in the tobacco use
2.28 prevention account is less than \$12,000,000 on July 1, all money in the account on that date
2.29 is appropriated to the commissioner of health for tobacco use prevention activities in section
2.30 144.396.

2.31 **Subd. 3. Definitions.** (a) The definitions in this subdivision apply to this section.

3.1 (b) "Consent judgment" has the meaning given in section 16A.98, subdivision 1,
3.2 paragraph (f).

3.3 (c) "Litigation regarding annual tobacco settlement payments on transferred tobacco
3.4 brands" means litigation between the state and certain participating manufacturers and a
3.5 nonparticipating manufacturer related to the obligation of these manufacturers to make past
3.6 and future annual tobacco settlement payments according to the settlement agreement and
3.7 consent judgment in amounts that include tobacco brands transferred from participating
3.8 manufacturers to a nonparticipating manufacturer.

3.9 (d) "Nonparticipating manufacturer" means a tobacco product manufacturer that is not
3.10 a signatory to the settlement agreement.

3.11 (e) "Participating manufacturer" has the meaning given in section 16A.98, subdivision
3.12 1, paragraph (j).

3.13 (f) "Settlement agreement" has the meaning given in section 16A.98, subdivision 1,
3.14 paragraph (h).

3.15 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.16 applies to settlements reached or judgments entered on or after that date.