

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1248*
Committee Substitute Favorable 6/4/98
Committee Substitute #2 Favorable 6/24/98
Senate Finance Committee Substitute Adopted 8/20/98

Short Title: Tobacco Settlements Payments.

(Public)

Sponsors:

Referred to:

May 12, 1998

1 A BILL TO BE ENTITLED
2 AN ACT TO PROTECT NORTH CAROLINA CITIZENS FROM LOSSES DUE TO
3 FEDERAL TOBACCO LEGISLATION OR TOBACCO LITIGATION AND TO
4 PROVIDE THAT FUNDS RECEIVED DUE TO SETTLEMENTS AND RELATED
5 CONGRESSIONAL LEGISLATION SHALL BE SPENT ONLY PURSUANT TO
6 APPROPRIATION BY THE GENERAL ASSEMBLY.

7 The General Assembly of North Carolina enacts:

8 Section 1. The General Assembly finds that:

9 (1) In June 1997, a tentative settlement was reached in litigation between
10 United States cigarette manufacturers and the attorneys general of 40
11 states.

12 (2) Dozens of bills were introduced in Congress dealing with this
13 settlement, and several of those bills would have provided financial
14 assistance to tobacco farmers and others who depend on tobacco for
15 their livelihoods.

16 (3) Some of these proposed bills would also have provided for block grants
17 and other funds for states to use for related purposes.

1 (4) Congress is unlikely to enact legislation on this subject during 1998.

2 (5) Tobacco litigation and federal legislation providing for settlement of the
3 litigation have the potential to affect the interests of tobacco farmers and
4 others who depend on tobacco for their livelihoods.

5 Section 2. Article 1 of Chapter 143 of the General Statutes is amended by
6 adding a new section to read:

7 **"§ 143-16.4. Settlement Reserve Fund.**

8 (a) The 'Settlement Reserve Fund' is established as a restricted reserve in the
9 General Fund. Funds shall be expended from the Settlement Reserve Fund only by
10 specific appropriation by the General Assembly.

11 (b) Unless prohibited by federal law, federal funds provided to the State by block
12 grant or otherwise as part of federal legislation implementing a settlement between
13 United States tobacco companies and the states shall be credited to the Settlement
14 Reserve Fund. Unless prohibited by court order, funds paid to the State or a State agency
15 pursuant to a tobacco litigation settlement agreement or final order or judgment of a court
16 shall be credited to the Settlement Reserve Fund."

17 Section 3. It is the intent of the General Assembly that federal funds provided
18 to the State by block grant or otherwise as part of federal legislation implementing a
19 settlement between United States tobacco companies and the states shall be used pursuant
20 to specific appropriation for healthcare costs, tobacco transition assistance, and other
21 purposes related to protecting the interest of North Carolina tobacco farmers, allotment
22 holders, workers (including agricultural, commercial, and manufacturing workers), and
23 other North Carolina citizens.

24 Section 4. Article 1 of Chapter 114 of the General Statutes is amended by
25 adding a new section to read:

26 **"§ 114-2.5. Attorney General to report payment of public monies pursuant to**
27 **settlement agreements and final court orders.**

28 (a) The Attorney General shall report to the Joint Legislative Commission on
29 Governmental Operations and the Chairs of the Appropriations Committees of the Senate
30 and House of Representatives on any payments received pursuant to a settlement
31 agreement or final order or judgment of a court and credited to the Settlement Reserve
32 Fund in accordance with G.S. 143-16.4. The Attorney General shall also report on the
33 terms or conditions of payment set forth in the agreement or order. The Attorney General
34 shall submit a written report to the Fiscal Research Division of the General Assembly.

35 (b) This section applies only to executed settlement agreements and final orders or
36 judgments of a court and does not affect the authority of the Attorney General to
37 negotiate the settlement of cases in which the State or a State department, agency,
38 institution, or officer is a party."

39 Section 5. It is the intent of the General Assembly to monitor the progress of
40 federal tobacco settlement legislation and to enact appropriate income tax exemptions for
41 financial assistance payments that may later be enacted by Congress for tobacco farmers
42 and for others who depend on tobacco for their livelihoods. In addition, it is the intent of
43 the General Assembly to monitor the status of tobacco litigation in this State and other

- 1 states and to act to protect the interests of North Carolina tobacco farmers and other
- 2 North Carolina citizens who depend on tobacco for their livelihoods.
- 3 Section 6. This act is effective when it becomes law.