

HOUSE RESEARCH

Bill Summary

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Subject: Proceeds of State Litigation

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Overview

Provides a general rule that proceeds of state litigation must be deposited in the state general fund. Specifies certain exceptions.

Section

1 **Proceeds of litigation or settlement.**

Subd. 1. State funds; general fund. Provides that a state official cannot bring or settle litigation or potential litigation in a manner that would result in money being distributed to a person or entity other than the state. Provides that money recovered by a state official in litigation or settlement of potential litigation is state money and must be deposited in the general fund.

Subd. 2. Exceptions. Provides that this section does not prohibit distribution of money to specific injured persons or entities on whose behalf litigation or settlement efforts were initiated. If money recovered on behalf on specific persons or entities cannot reasonably be distributed to the persons or entities because they cannot be located or identified or because the distribution costs would outweigh the benefits, the money must be paid into the general fund. Provides that money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

Subd. 3. Definitions. Defines "litigation", "money recovered", and "state official" for purposes of this section.

2 **Repealer.** Repeals section 8.31, subdivision 2c, which currently gives a court discretion to order deposit of money in the general fund if sums recovered for injured persons cannot reasonably be distributed to them because they cannot be located or identified, or because the cost of distribution would outweigh the benefits.