

**§ 114-2.4A. Disposition of funds received by the State or a State agency from a settlement or other final order or judgment of the court.**

(a) Definition. – For purposes of this section, the term "settlement" means an agreement entered into by the State or a State agency, with or without a court's participation, that ends (i) a dispute, lawsuit, or part of the dispute or lawsuit or (ii) the involvement of the State or State agency in the dispute, lawsuit, or part of the dispute or lawsuit. This term includes settlement agreements, stipulation agreements, consent judgments, and consent decrees.

(b) Prohibition. – The following restrictions shall apply:

(1) Funds received by the State or a State agency from a settlement or other final order or judgment of the court shall not be transferred or expended pursuant to G.S. 143C-6-4 and shall remain unexpended until the funds are appropriated by the General Assembly. Nothing in this subdivision shall be construed to prohibit the expenditure of funds to any of the following:

- a. A party, other than the State or a State agency, to the dispute or lawsuit.
- b. A consumer entitled to a refund or the recovery of damages.
- c. An attorney awarded attorneys' fees for representing (i) a party under sub-subdivision a. of this subdivision or (ii) a consumer under sub-subdivision b. of this subdivision.

(2) The Attorney General, any subordinate who has been delegated the authority to negotiate or approve a settlement, and any private counsel retained to represent a State agency shall have no authority to include or agree to terms or conditions in any settlement that authorizes the expenditure, transfer, or award of funds to any person or entity other than any of the following:

- a. A party, other than the State or a State agency, to the dispute or lawsuit.
- b. A consumer entitled to a refund or the recovery of damages.
- c. An attorney awarded attorneys' fees for representing (i) a party under sub-subdivision a. of this subdivision or (ii) a consumer under sub-subdivision b. of this subdivision.

(c) Exception. – Subsections (b) and (e) of this section shall not apply to:

- (1) Funds received by the Department of Health and Human Services to the extent those funds represent the recovery of previously expended Medicaid funds.
- (2) Funds received by the Escheat Fund and benefit plans administered by the Department of State Treasurer.
- (3) Funds received by the Department of Transportation to the extent those funds represent the recovery of funds previously expended by the Department of Transportation.

(d) Recommendation. – The Attorney General may provide a nonbinding written recommendation to the chairs of the Senate and House Appropriations Committees for their consideration as to what purpose the funds subject to the prohibition in subsection (b) of this section should be appropriated for.

(e) Overrealized Receipts. – Any provision of law authorizing the expenditure of overrealized receipts shall not apply to the funds referred to in subdivision (1) of subsection (b) of this section unless the language of the law specifically references this section or specifically references funds received by the State or a State agency from a settlement or other final order or judgment of the court.

(f) Required Disposition. – If the terms of a federal grant, another provision of State or federal law, or the State Constitution require a specific disposition of funds received from a G.S. 114-2.4A

settlement or other final order or judgment of the court, nothing in this section shall be construed to supersede, or authorize a deviation from, that specific disposition. Furthermore, nothing in this subsection shall be construed to abrogate the requirement that funds drawn from the State treasury be in consequence of appropriations made by law.

(g) Required Submission. – In addition to any other report or filing that may be required by law, and unless the settlement is sealed pursuant to a written order of the court in accordance with G.S. 132-1.3 or federal law, the Attorney General's Office shall submit a copy to the Legislative Library of any settlement or other final order or judgment of the court in which the State or a State agency receives funds in excess of seventy-five thousand dollars (\$75,000). The submission required by this subsection shall be made within 60 days of the date (i) the settlement is entered into or (ii) the final order or judgment of the court is entered. Any information deemed confidential by State or federal law shall be redacted from the copy of the settlement or other final order or judgment of the court prior to submitting it to the Legislative Library. (2014-100, s. 6.6(a); 2015-67, s. 5; 2017-57, s. 34.7A.)