

SUMMARY ANALYSIS OF AMENDED BILL

Author: Anderson Analyst: Deborah Barrett Bill Number: AB 1506
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 31, 2009
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Accept Registered Warrants For Payment Of Any State Obligation

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED July 1, 2009, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would require a state agency to accept a registered warrant, or other similar evidence of indebtedness, for payment of any state obligation if certain conditions exist.

SUMMARY OF AMENDMENTS

The August 31, 2009, amendments added conditions, as determined by the Controller, under which a state agency would be required to accept a registered warrant and added operative dates for the bill’s provisions. The “This Bill” discussion is revised. The remainder of the department’s analysis of the bill as amended July 1, 2009, still applies.

POSITION

Pending.

Board Position:	Asst. Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	9/09/09

THIS BILL

This bill would require a state agency to accept from any person or entity a registered warrant or any other similar evidence of indebtedness issued by the Controller endorsed by the payee, at full face value, for payment of any obligation owed by that payee to that state agency if the Controller determines that all of the following conditions are met:

1. The acceptance of registered warrants will not jeopardize the ability of the state to issue regular warrants for reduction programs, debt service, state payroll, pensions, In-Home Supportive Services, medical providers, or any other payment required by federal law, the California Constitution, or a court order; and
2. The acceptance of registered warrants will not result in a net cost to the state, as specified.

The provisions of this bill would not apply to an obligation owed by a payee for payments subject to the immediate deposit standard contained in the Federal Unemployment Tax Act or the federal Social Security Act.

The bill would require that the Controller submit a report to the Joint Legislative Budget Committee on or before September 1 following the conclusion of a fiscal year in which a state agency is required to accept registered warrants or similar evidence of indebtedness. The report would be required to contain the following information:

- The amount of warrants received or other forms of indebtedness received by state agencies;
- The effect of the acceptance of these warrants on the state's cash flow and financial well being including any net costs or savings as specified; and
- The impacts on state payments required by federal law, the California Constitution, or court order.

The bill would become specifically inoperative on July 1, 2012, and as of January 1 2013, is repealed unless a later enacted statute that becomes operative on or before January 1, 2013, deletes or extends the dates on which it becomes inoperative and is repealed.

This bill is an urgency statute necessary for the immediate preservation of the public peace, health, or safety and would go into effect immediately. The bill states, "In order to allow the residents of the state to pay for all obligations owed to the state, while the state is issuing registered warrants, or other similar debt instruments, which are, in fact, 'IOUs' issued by the state, it is necessary that this act take effect immediately."

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