

SENATE BILL

No. 23

Introduced by Senator Ashburn

February 2, 2009

An act to add Section 17203.5 to the Government Code, relating to state warrants.

LEGISLATIVE COUNSEL'S DIGEST

SB 23, as introduced, Ashburn. Registered warrants: income tax refunds.

Existing law prescribes procedures for the issuance of registered warrants and provides that a registered warrant is acceptable and may be used as security for the performance of any public or private trust or obligation. Under existing law, if the Franchise Tax Board finds that there has been an overpayment of any liability imposed under by a taxpayer pursuant to the Personal Income Tax Law for any year for any reason, the board is authorized to credit the amount of the overpayment against any amount then due from the taxpayer and the board is required to refund the balance to the taxpayer.

This bill would prohibit the Controller from issuing a registered warrant for purposes of making any payments for a refund of taxes imposed under the Personal Income Tax Law.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares that the money
2 refunded to the taxpayers under the Personal Income Tax Law
3 does not belong to the state, but to the taxpayers, who overpaid
4 what they owed in good faith. Therefore, the issuance of a
5 registered warrant, which is an “IOU” by the state for a tax refund
6 is not acceptable under any condition.

7 SEC. 2. Section 17203.5 is added to the Government Code, to
8 read:

9 17203.5. Notwithstanding this chapter, the Controller shall not
10 issue a registered warrant for purposes of making any payments
11 for a refund of taxes pursuant to Section 19301 of the Revenue
12 and Taxation Code, imposed under Part 10 (commencing with
13 Section 17001) of Division 2 of the Revenue and Taxation Code.

14 SEC. 3. This act addresses the fiscal emergency declared by
15 the Governor by proclamation on December 19, 2008, pursuant
16 to subdivision (f) of Section 10 of Article IV of the California
17 Constitution.

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