

AMENDED IN ASSEMBLY MAY 11, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1044

Introduced by Assembly Member Butler
(Coauthor: Assembly Member Harkey)

February 18, 2011

An act to amend Sections 17280.1 and 17280.2 of the Government Code, relating to registered warrants.

LEGISLATIVE COUNSEL'S DIGEST

AB 1044, as amended, Butler. Registered warrants: taxation.

Existing law authorizes a taxpayer who has a tax liability with respect to personal income taxes or bank and corporation taxes, and who is a payee named in a registered warrant to pay the tax liability, in whole or in part, by a check in an amount not to exceed the amount of the registered warrant, and prohibits the check from being drawn until the registered warrant is payable, if the check is accompanied by a copy of the warrant. Existing law requires, when a tax liability is paid with a registered warrant that is redeemable at the time of payment, that interest be credited to the taxpayer's account.

This bill would revise and recast these provisions. This bill would permit a taxpayer who has a tax liability, with respect to personal income taxes or bank and corporation taxes required to be remitted to the Franchise Tax Board or a taxpayer, feepayer, or surcharge payer who has a liability for taxes, fees, or surcharges required to be remitted to the State Board of Equalization, and who is a payee named in a registered warrant to pay any tax, fee, or surcharge liability with a registered warrant, subject to certain conditions. The bill would prohibit the taxpayer, feepayer, or surcharge payer submitting a registered

warrant from receiving interest on his or her registered warrant, except as a credit to his or her account. *This bill would prohibit a taxpayer, feepayer, or surcharge payer from submitting a registered warrant to the State Board of Equalization as payment of any tax, fee, or surcharge liability unless the Controller makes a specified determination.*

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. Section 17280.1 of the Government Code is
2 amended to read:

3 17280.1. (a) ~~A~~ *Except as provided in subdivision (c), a*
4 *taxpayer who has a tax liability, including any liability for periodic*
5 *estimated tax payments, with respect to personal income taxes or*
6 *bank and corporation taxes required to be remitted to the Franchise*
7 *Tax Board or a taxpayer, feepayer, or surcharge payer who has a*
8 *liability for taxes, fees, or surcharges required to be remitted to*
9 *the State Board of Equalization, and who is a payee named in a*
10 *registered warrant as defined in Section 17221 which is received*
11 *in payment of an obligation of the State of California to the*
12 *taxpayer, feepayer, or surcharge payer may pay any tax, fee, or*
13 *surcharge liability specified above, in whole or in part, by*
14 *submitting the original registered warrant, signed on the reverse*
15 *side by the payee and endorsed as payable to the agency to which*
16 *the liability is owed.*

17 (b) Any taxpayer, feepayer, or surcharge payer submitting a
18 registered warrant for the payment of taxes pursuant to subdivision
19 (a) shall be precluded from receiving interest on his or her
20 registered warrant except as provided in Section 17280.2.

21 (c) *Notwithstanding subdivision (a), a taxpayer, feepayer, or*
22 *surcharge payer shall not submit a registered warrant to the State*
23 *Board of Equalization as payment of any tax, fee, or surcharge*
24 *liability pursuant to subdivision (a) unless the Controller*
25 *determines that all of the following conditions are satisfied:*

26 (1) *The acceptance of registered warrants will not jeopardize*
27 *the ability of the state to issue regular warrants for education*
28 *programs, debt service, state payroll, pensions, In-Home*
29 *Supportive Services, Medi-Cal providers, or any other payment*

1 *required by federal law, the California Constitution, or a court*
2 *order.*

3 *(2) The acceptance of registered warrants will not result in a*
4 *net cost to the state. For purposes of this paragraph, the*
5 *calculation of “net cost” includes, but is not limited to, all of the*
6 *following factors:*

7 *(A) Interest savings related to redemption of the registered*
8 *warrant.*

9 *(B) Interest costs related to any new registered warrants issued*
10 *to replace the registered warrant accepted for payment of an*
11 *obligation to the state.*

12 *(C) Costs related to any other internal or external borrowing*
13 *required to offset the loss of resources due to acceptance of the*
14 *registered warrants for payment of an obligation to the state.*

15 *(D) Forgone interest earnings related to loss of payments due*
16 *to acceptance of the registered warrants for payment of an*
17 *obligation to the state.*

18 *(E) Significant new administrative costs to the State Board of*
19 *Equalization related to acceptance of registered warrants for*
20 *payment of an obligation to the state.*

21 SEC. 2. Section 17280.2 of the Government Code is amended
22 to read:

23 17280.2. In the event a tax, fee, or surcharge liability is paid
24 pursuant to Section 17280.1, in whole or in part, with a registered
25 warrant which is redeemable at the time the tax, fee, or surcharge
26 liability is paid, interest as specified in this article, shall be credited
27 to the account of the taxpayer, feepayer, or surcharge payer.