

AMENDED IN ASSEMBLY JUNE 12, 2014

AMENDED IN SENATE MAY 8, 2014

**SENATE BILL**

**No. 1074**

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**Introduced by Senator Knight  
(Coauthors: Senators Gaines, Huff, and Nielsen)**

February 19, 2014

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An act to amend Section 16305.2 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1074, as amended, Knight. State government: state funds.

Under existing law, all money in the possession of or collected by any state agency or department is state money, as defined, and is subject to provisions governing its deposit and handling in trust accounts. Existing law creates the State Treasury System to deposit state money held by state agencies prior to expenditure.

This bill would make it a misdemeanor for a state employee to *knowingly* transfer or use state money outside of the State Treasury System, except as authorized by statute, to subvert the normal appropriation or reversion requirements for the money.

Because this bill would create a new crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. Section 16305.2 of the Government Code is  
2 amended to read:

3 16305.2. (a) All money in the possession of or collected by  
4 any state agency or department, except for money in the Local  
5 Agency Investment Fund, is subject to Sections 16305.3 to  
6 16305.7, inclusive, and is hereafter referred to as state money.

7 (b) Except as otherwise provided by this chapter or authorized  
8 by statute, any transfer, expenditure, or other use of state money  
9 *knowingly committed* by a state employee, outside of the State  
10 Treasury System, other than pursuant to a valid act of appropriation  
11 or the reversion requirements described in Section 16303, is a  
12 misdemeanor, punishable by up to one year in a county jail, or a  
13 two-thousand-five-hundred-dollar (\$2,500) fine, or both.

14 SEC. 2. No reimbursement is required by this act pursuant to  
15 Section 6 of Article XIII B of the California Constitution because  
16 the only costs that may be incurred by a local agency or school  
17 district will be incurred because this act creates a new crime or  
18 infraction, eliminates a crime or infraction, or changes the penalty  
19 for a crime or infraction, within the meaning of Section 17556 of  
20 the Government Code, or changes the definition of a crime within  
21 the meaning of Section 6 of Article XIII B of the California  
22 Constitution.