

Senate Bill No. 220

CHAPTER 364

An act to amend Section 16304 of, and to add Section 16304.3 to, the Government Code, relating to state funds.

[Approved by Governor September 7, 2000. Filed with Secretary of State September 8, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

SB 220, Peace. Appropriations: reversions: exemptions.

Existing law specifies that an appropriation that is not otherwise limited by its own terms or by law shall be available for encumbrance for 3 years after the date upon which it first became available for encumbrance, with specified exceptions. Disbursements in liquidation of encumbrances may be made before or during the 2 years following the last day an appropriation is available for encumbrance, or the 4 years following in the case of an appropriation of federal funds, with specified exceptions. At the expiration of this time, or upon a determination during the liquidation period by the Director of Finance that the project for which the appropriation was made is complete and that a portion of the appropriation is not necessary for disbursement, the undisbursed balance of the appropriation reverts to and becomes a part of the fund from which the appropriation is made. Appropriations made for cooperative work under specific agreements or under contract are exempt from these provisions.

This bill would delete the exemption for cooperative work under specific agreements or under contract, and instead would exempt approved cooperative work agreements, as defined, from reversion for a period of up to 8 years, subject to specified conditions.

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

SECTION 1. Section 16304 of the Government Code is amended to read:

16304. An appropriation shall be available for encumbrance during the period specified therein, or, if not otherwise limited by law, for three years after the date upon which it first became available for encumbrance. An appropriation containing the term "without regard to fiscal years" shall be available for encumbrance from year to year until expended.

An appropriation shall be deemed to be encumbered at the time and to the extent that a valid obligation against the appropriation is created.

As used in this code and in every other statute heretofore or hereafter enacted, the term “unexpended balance” shall be construed to mean “unencumbered balance.”

Appropriations for the following purposes are exempt from limitations as to period of availability in any appropriation, and shall remain available from year to year until expended:

(a) Payment of interest and redemption charges on any portion of the bonded debt of the state.

(b) Transfers of money from any fund for the benefit of elementary schools, high schools, community colleges, the University of California, or any interest and sinking fund in the State Treasury.

(c) Money transferred to revolving funds specifically created by law, including, but not limited to, the Architecture Revolving Fund and the Water Resources Revolving Fund.

(d) Appropriations available for the acquisition of real property to the extent that such appropriations have been encumbered by the filing of condemnation proceedings on behalf of the State of California prior to the expiration of the period of availability of the appropriation.

(e) Money transferred to and expendable from funds other than the fund in which originally deposited, pursuant to the provisions of law earmarking or appropriating for expenditure certain classes of revenue or other receipts.

(f) Continuing provisions of law appropriating for specific purposes certain classes of revenue or other receipts, upon their deposit in a particular fund in the State Treasury or upon their collection by an agency of this state.

SEC. 2. Section 16304.3 is added to the Government Code, to read:

16304.3. (a) Notwithstanding Section 16304, an appropriation for an approved cooperative work agreement shall be available for expenditure as provided in this section.

(b) An approved cooperative work agreement is a binding contract or agreement between multiple parties, including the state or other governmental entities, or private nonprofit organizations, for work that cannot be completed for valid and substantial reasons during the period of time for which the funding is available for liquidation, and that meets all of the following criteria:

(1) The cooperative work agreement has been approved by the Department of Finance.

(2) The work to be completed is consistent with the intent of the original appropriation.

(3) The cooperative work agreement is funded only from appropriations for local assistance.

(c) Only that portion of the appropriation already encumbered upon approval of the cooperative work agreement by the Department of Finance shall be available to complete the work



specified in the agreement. Any unencumbered or disencumbered balance shall revert to the fund of origin consistent with standard state accounting practices.

(d) The unliquidated balance subject to the approved cooperative work agreement shall revert to the fund of origin no later than eight years from the date of the original appropriation.

(e) This section shall not apply to cooperative work agreements entered into prior to January 1, 2001.

