

Date of Hearing: June 20, 2016

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Matthew Dababneh, Chair

SB 1475 (Committee on Governmental Organization) – As Amended April 21, 2016

SENATE VOTE: 36-0

SUBJECT: State warrants: records

SUMMARY: Provides that only the State Controller's Office (SCO) shall keep a record of all canceled warrants instead of the SCO and the State Treasurer's Office (STO).

EXISTING LAW:

- 1) Requires the SCO and the STO to keep a register of all canceled warrants. The register shall show the number, date, and amount of each warrant, the fund out of which it was payable and the date of cancellation. [Government Code, Section 17071]
- 2) Provides that when a warrant issued by the SCO is unpaid for one year after it becomes payable, sufficient unapplied moneys having been available for the payment of the warrant and for the payment of all senior obligations, the SCO shall cancel it. [Government Code, Section 17070]

FISCAL EFFECT: Unknown.

COMMENTS:

SB 1475 modifies the existing procedure by which the SCO and STO must each maintain a register of all canceled warrants to instead require the SCO to keep a record of all canceled warrants.

Need for the bill:

According to the sponsor, the STO:

Today, as a result of technological advancements, the STO Centralized Treasury and Securities Management Division Item Processing Section (IPS) receives from the SCO on a daily basis electronic files that list all outstanding warrants, and, accordingly, any warrant presented by any bank that is not listed on that file will not be paid, will be rejected and returned to the presenting bank. Thus, there is no need to keep a register of canceled warrants as defined in Government Code Section 17070. The only warrants that the IPS processes and approves for payment are those presented for payment by banks that match the warrants appearing on the outstanding file provided by the SCO.

Existing law requires the establishment of separate registers of all canceled warrants by the STO and the SCO. According to the STO, this requirement was necessary following the establishment of the Centralized Treasury in 1949 to ensure that the STO did not pay banks for warrants that had been canceled by the SCO.

STO staff point out that fulfilling the requirements of Government Code Section 17071 as currently written would require the development of a new information technology system and the expenditure of funds and resources on a functionality that would eventually become obsolete as it will be built into the Financial Information System for California (FI\$Cal). Furthermore, its purpose is currently being met through the issued and outstanding files produced by the SCO and provided to the STO on a daily basis.

What is FI\$Cal? FI\$Cal is a business transformation project for state government processes in the areas of budgeting, accounting, procurement and cash management. The objective of the project is to develop a comprehensive statewide budget system to prepare, enact, and administer the state's annual financial plan and to provide critical information required to make budget decisions and manage state resources. FI\$Cal is a partnership between the agencies responsible for the state's financial management: the Department of Finance, the SCO, the STO, and the Department of General Services, collectively known as the "partner agencies."

REGISTERED SUPPORT / OPPOSITION:

Support

California State Treasurer

Opposition

None on file.

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