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An act to amend Sections 16304 and 16304.1 of the Government Code,
relating to state funds.



1711-86836094BILL

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 immediately available for encumbrance or expenditure 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~~. encumbrance or expenditure. 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. However, a state agency may estimate encumbrances consistent with the authority of the appropriation, and may make corrections or adjustments to any encumbrance or estimated encumbrance during the liquidation period described in Section 16304.1.

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~~ before 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 16304.1 of the Government Code is amended to read:

16304.1. Disbursements in liquidation of encumbrances may be made before or during the two years following the last day an appropriation is available for encumbrance, except in the case of a fund made up of federal funds. Disbursements in liquidation of encumbrances may be made before or during the four years following the last day an appropriation of federal funds is available for encumbrance. Whenever, during either liquidation period, ~~the Director of Finance determines that the project~~ Department of Finance determines the purpose for which the appropriation was made is completed and ~~that a portion of the appropriation is not necessary for disbursements,~~ deemed not necessary, that portion shall, upon order of the ~~Director~~ Department of



Finance, revert to and become a part of the fund from which the appropriation was made. Upon the expiration of two years, or four years in the case of a fund made up of federal funds, following the last day of the period of its ~~availability, the undisbursed availability for encumbrance, the~~ balance in any appropriation shall revert to and become a part of the fund from which the appropriation was made. ~~Subsequent to reversion~~ After reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes.

To the extent that ~~appropriations are~~ an appropriation is exempt from limitations as to periods of availability under Section 16304, ~~they~~ it shall not be subject to the provisions of this section.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Appropriations: encumbrances.

Existing law requires that an appropriation be available for encumbrance for the period specified or, if not limited by its own terms or law, for 3 years after the date upon which it first became available for encumbrance, with specified exceptions. Existing law deems an appropriation to be encumbered at the time and to the extent that a valid obligation against the appropriation is created.

Existing law authorizes disbursements in liquidation of encumbrances to 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. Existing law requires at the end of that time period, or if the Director of Finance determines during the liquidation period 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 to revert and become a part of the fund from which the appropriation was made.

This bill would require an appropriation to be immediately available for encumbrance or expenditure during the specified or 3-year time period described above. The bill would also authorize a state agency to estimate encumbrances consistent with the authority of the appropriation, and to make corrections or adjustments to any encumbrance or estimated encumbrance during the applicable liquidation period for disbursements.

This bill would authorize the Department of Finance, instead of the Director of Finance, to determine during the applicable liquidation period that the appropriation is no longer necessary, and thereby require the balance of the appropriation to revert to the fund from which it was made. The bill would also make conforming and technical changes to that provision.

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

