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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 4. FISCAL AFFAIRS [16100 - 17700] (Division 4 added by Stats. 1945, Ch. 119.)

PART 2. STATE FUNDS [16300 - 16649.95] (Part 2 added by Stats. 1945, Ch. 120.)

CHAPTER 1. General [16300 - 16341] (Chapter 1 added by Stats. 1945, Ch. 120.)

16300. The General Fund consists of money received into the treasury and not required by law to be credited to any other fund.
(Added by Stats. 1945, Ch. 120.)

16301. Except as otherwise provided by law, all money belonging to the State received from any source whatever by any state agency shall be accounted for to the Controller at the close of each month, or more frequently if required by the Controller or the Department of Finance, in such form as he prescribes, and on the order of the Controller be paid into the Treasury and credited to the General Fund, provided that amounts received as partial or full reimbursement for services furnished shall be credited to the applicable appropriation.
(Amended by Stats. 1953, Ch. 175.)

16301.3. (a) Each state agency, department, and entity shall provide its employer identification number to the Treasurer. The Treasurer is authorized to use these employer identification numbers to monitor state money deposited outside of the centralized State Treasury System.

(b) Notwithstanding any other provision of law, a bank or financial institution shall, upon request from the Treasurer, provide to the Treasurer the account number, account balance, account owner of record, account type, account opening date, account closing date, and account purpose, if known, associated with the employer identification numbers described in subdivision (a), to assist the Treasurer in monitoring accounts and state money deposited outside of the centralized State Treasury System.

(Added by Stats. 2014, Ch. 393, Sec. 1. (SB 898) Effective January 1, 2015.)

16301.5. Any money collected or received after September 18, 1947, by the Controller as restitutions from former recipients of relief under the California Unemployment Relief Act of 1935 or any other act relating to unemployment relief shall be deposited in the General Fund.

(Added by Stats. 1953, Ch. 170.)

16302. Whenever any person donates any money to the State, the Treasurer shall receive it, upon the receipt of a certificate from the Controller. If the donor, at the time of making the donation, files with the Controller a written designation of the fund or appropriation he desires to benefit thereby, his donation shall be credited accordingly. If such a designation is not made, the donation shall be credited to the State School Fund.

The acceptance of any such donation shall be subject to the provisions of Section 11005 of this code.

(Amended by Stats. 1949, Ch. 1023.)

16302.1. (a) Whenever any person pays to any state agency pursuant to law an amount covering taxes, penalties, interest, license, or other fees, or any other payment, and it is subsequently determined by the state agency responsible for the collection thereof that this amount includes an overpayment of ten dollars (\$10) or less of the amount due the state pursuant to the assessment, levy, or charge to which the payment is applicable, the amount of the overpayment may be disposed of in either of the following ways:

- (1) The state agency responsible for the collection to which the overpayment relates may apply the amount of the overpayment as a payment by the person on any other taxes, penalties, interest, license, or other fees, or any other amount due the state from that person if the state agency is responsible by law for the collection to which the overpayment is to be applied as a payment.

(2) Upon written request of the state agency responsible for the collection to which the overpayment relates, the amount of the overpayment shall, on order of the Controller, be deposited as revenue in the fund in the State Treasury into which the collection, exclusive of overpayments, is required by law to be deposited.

(b) The Department of General Services may adopt rules and regulations to permit state agencies to retain these overpayments where a demand for refund permitted by law is not made within six months after the refund becomes due, and the retained overpayments shall belong to the state.

(c) Except as provided in subdivision (b), this section shall not affect the right of any person making overpayment of any amount to the state to make a claim for refund of the overpayment, nor the authority of any state agency or official to make payment of any amount so claimed, if otherwise authorized by law.

(Amended by Stats. 2016, Ch. 31, Sec. 138. (SB 836) Effective June 27, 2016.)

16302.2. Upon approval of the Director of Finance, any state agency with respect to any amount required to be shown on any form prescribed by the agency, or any amount of credit or refund, or any amount to be collected as a deficiency or underpayment of any tax, penalty, interest, license or other fee, or any other payment, may provide by regulation for the disregard of the fractional part of a dollar, unless it amounts to fifty cents (\$0.50) or more, in which case it shall be increased to one dollar (\$1).

(Amended by Stats. 1974, Ch. 1221.)

16302.3. Notwithstanding the provisions of Section 16302.2, state agencies may accept forms on which any amount or tax, penalty, interest, license or other fee, or any other payment is reported in dollars and cents and may compute the amount due on that basis in lieu of recomputing the amount due on the basis of regulations issued pursuant to Section 16302.2; provided, that such recomputation would not change the amount due by more than two dollars (\$2).

(Added by Stats. 1957, Ch. 1374.)

16303. If money withdrawn from the Treasury pursuant to a valid act of appropriation is subsequently returned, in whole or part, the Controller shall credit it back to the special or general appropriation from which it was drawn, and it is available for the purpose for which it was appropriated.

Money so returned after expiration of the period of availability of such appropriation may be credited by the Controller to either the appropriation or the fund from which it was drawn. In making such determination, the Controller shall take into account, among other things: the amount of the abatement, the time elapsed since the reversion of the appropriation, and the undisbursed balance remaining in the appropriation.

(Amended by Stats. 1957, Ch. 816.)

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 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 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.

(Amended by Stats. 2017, Ch. 19, Sec. 16. (AB 111) Effective June 27, 2017.)

16304.01. Notwithstanding Section 16304, an appropriation available for the acquisition of real property to the extent that such appropriation is required to carry out the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 shall be available for five years after the date upon which it first became available for encumbrance.

(Added by Stats. 1977, Ch. 829.)

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 Department of Finance determines the purpose for which the appropriation was made is completed and a portion of the appropriation is deemed not necessary, that portion shall, upon order of the 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 for encumbrance, the balance in any appropriation shall revert to and become a part of the fund from which the appropriation was made. After reversion, any unpaid encumbrance against the appropriation may be paid from any current appropriations available for the same purposes.

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

(Amended by Stats. 2017, Ch. 19, Sec. 17. (AB 111) Effective June 27, 2017.)

16304.2. Notwithstanding Section 16304, any capital outlay appropriation enacted on or after July 1, 1987, from a fund created by a general obligation bond act approved by the voters for a project which was, or is, subsequently delayed as a result of litigation, is, and shall be, hereby reappropriated for an additional three years, commencing with the operative date of the statute adding this section, or upon the expiration of the original period of encumbrance, whichever is later.

(Added by Stats. 1990, Ch. 454, Sec. 1.)

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.

(Added by Stats. 2000, Ch. 364, Sec. 2. Effective January 1, 2001.)

16304.5. Upon prior approval of the Department of Finance, contracts for construction of any California State Fair and Exposition project for which funds have been appropriated may be entered into prior to the date that such funds will be available for expenditure if such construction will not be completed until subsequent to the date of availability of the funds. After the date such appropriation becomes available for expenditure the Controller may make expenditures pursuant to a contract entered into pursuant to this section.

(Added by Stats. 1955, Ch. 294.)

16304.6. Within the time during which the appropriation is available for expenditure, the Department of General Services at the request of the director of the department concerned and with the approval of the Director of Finance, may authorize that unneeded funds in any appropriation for the support of an institution, school, or college or for family care or private home care or for parole supervision activities within any of the following departments shall be available and be deemed appropriated for the support of any institution, school, or college or for family care or private home care or for parole supervision activities within the same department:

(a) Department of Corrections and Rehabilitation.

(b) Department of the Youth Authority.

(c) State Department of Education.

(d) State Department of State Hospitals.

(Amended by Stats. 2016, Ch. 31, Sec. 139. (SB 836) Effective June 27, 2016.)

16304.7. Upon the effective date of an act abolishing any of the powers or duties of any state officer or agency, the unexpended balance of any appropriation for such officer or agency which was intended to be used for the performance of such powers or duties shall revert to the fund from which such appropriation was made.

(Added by Stats. 1957, Ch. 1656.)

16304.8. Upon the effective date of an act making any change in the fund from which an appropriation for any state officer or agency is payable, such appropriation or the applicable portion thereof shall become payable from the fund designated in that law. The Department of Finance shall determine the adjustments to be made as a result of such change in the law, and shall certify the same to the State Controller. The State Controller shall thereupon make the necessary entries upon his records.

(Added by Stats. 1957, Ch. 1656.)

16304.9. (a) Upon the effective date of an act transferring any of the powers or duties of any state officer or agency to another state officer or agency, the Department of Finance shall determine the portion remaining of any appropriation which was intended to be used for the performance of such powers or duties, and shall certify this amount to the Controller. The Controller shall thereupon transfer such amount to the state officer or agency to which such powers or duties were transferred.

(b) The Department of Finance shall make the final determination of the budgetary and accounting transactions and treatments to ensure proper implementation of reorganization, mergers, or the elimination of state entities, offices, or agencies.

(Amended by Stats. 2013, Ch. 352, Sec. 300. (AB 1317) Effective September 26, 2013. Operative July 1, 2013, by Sec. 543 of Ch. 352.)

16305. The purpose of this legislation is hereby declared to be the establishment of a centralized State Treasury System under which state moneys will be adequately protected, and at the same time will be controlled and invested in such a way as to realize the maximum return consistent with safe and prudent treasury management. This legislation visualizes that the State Controller will be responsible for maintaining the segregated accounts of the moneys of state agencies which are deposited with the Treasurer in trust, and that the State Treasurer will not maintain records which in their detail duplicate the accounting records maintained by the Controller for these moneys.

(Amended by Stats. 1949, Ch. 1534.)

16305.1. It is anticipated that as a result of this legislation state agencies will no longer need to maintain large sums of money in agency bank accounts, and that future agency bank accounts permitted by the Director of Finance will contain only amounts of money necessary for day-to-day petty cash needs.

(Amended by Stats. 1974, Ch. 1221.)

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

(b) Except as otherwise provided by this chapter or authorized by statute, any transfer, expenditure, or other use of state money knowingly committed by a state employee, outside of the State Treasury System is a misdemeanor, punishable by up to one year in a county jail, or a two-thousand-five-hundred-dollar (\$2,500) fine, or both.

(Amended by Stats. 2014, Ch. 221, Sec. 1. (SB 1074) Effective January 1, 2015.)

16305.3. All state money shall be deposited in trust in the custody of the Treasurer, except when otherwise authorized by the Director of Finance, or unless deposited directly in the State Treasury. All state money deposited in trust in the custody of the Treasurer shall be held in a trust account or accounts and may be withdrawn only upon the order of the depositing agency or its disbursing officer. The provisions of Sections 16305.3 to 16305.7, inclusive, shall not be construed to repeal or amend any provision

of law now requiring officers or employees to make daily, weekly or monthly settlements with the Treasurer. All such money held by the State Treasurer in trust shall be subject to audit by the Department of Finance and shall also be subject to cash count, as provided in Sections 13297, 13298, and 13299 of this code.

(Amended by Stats. 1974, Ch. 1221.)

16305.4. The Director of Finance shall establish any system which may be necessary or convenient in the handling of trust accounts of the state agencies and in establishing the system to be followed in receiving, holding and disbursing such money. The system established by the Director of Finance shall in general provide that the Controller is responsible for maintaining accounts to record the Treasurer's accountability, and shall maintain the separate account for each trust deposit.

(Amended by Stats. 1974, Ch. 1221.)

16305.5. Money in treasury trust accounts shall be deposited, invested and reinvested in the same manner and to the same extent as if the money in trust accounts were money in the State Treasury.

(Amended by Stats. 1959, Ch. 687.)

16305.7. Any increment collected as the result of investment of state money shall be collected by the State Treasurer and reported by him to the State Controller for credit to the General Fund in the State Treasury.

(Added by Stats. 1949, Ch. 1534.)

16305.8. (a) Nothing in Sections 16305.3 to 16305.7, inclusive, shall apply to money drawn or collected by the Regents of the University of California.

(b) Nothing in Sections 16520 to 16533, inclusive, and Sections 16610 to 16622, inclusive, shall apply to deposits held by the Trustees of the California State University in one or more depository institutions located outside of the United States if all of the following conditions are satisfied:

(1) The deposits are necessary to support a program of foreign study attended by California State University students.

(2) A depository institution that allows the Trustees of the California State University to meet the requirements of Sections 16520 to 16533, inclusive, and Sections 16610 to 16622, inclusive, is unavailable in the country in which the program of foreign study is conducted.

(3) The amounts on deposit are either insured under a foreign law or the amounts on deposit that are not insured under foreign law do not exceed one hundred thousand dollars (\$100,000) per depository institution.

(Amended by Stats. 2017, Ch. 516, Sec. 8. (SB 363) Effective January 1, 2018.)

16305.9. (a) All money in the Local Agency Investment Fund shall be held in trust in the custody of the Treasurer.

(b) All money in the Local Agency Investment Fund is nonstate money. That money shall be held in a trust account or accounts. The Controller shall be responsible for maintaining those accounts to record the Treasurer's accountability, and shall maintain a separate account for each trust deposit in the Local Agency Investment Fund.

(c) That money shall be subject to audit by the Department of Finance and to cash count as provided for in Sections 13297, 13298, and 13299. It may be withdrawn only upon the order of the depositing entity or its disbursing officers. The system that the Director of Finance has established for the handling, receiving, holding, and disbursing of state agency money shall also be used for the money in the Local Agency Investment Fund.

(d) All money in the Local Agency Investment Fund shall be deposited, invested, and reinvested in the same manner and to the same extent as if it were state money in the State Treasury.

(Added by Stats. 2002, Ch. 761, Sec. 2. Effective September 21, 2002.)

16306. When any State revenue, other than revenue payable into the General Fund, is set apart to be applied by the State to the support of the public school system and the State university, the amount set apart shall be repaid into the funds into which the revenue would otherwise have been paid or from which the revenue was set apart.

(Added by Stats. 1945, Ch. 120.)

16307. There are hereby appropriated out of the General Fund such amounts as may be necessary to make such repayments. Such repayments shall be made from the first money accruing to the General Fund over and above the amounts:

(a) Then necessary to provide for payments for the support of the public school system and the State university, and

(b) Which under the State Constitution shall first be applied to the payment of obligations of the State existing at the time the revenues were set apart.

(Added by Stats. 1945, Ch. 120.)

16308. Claims against special fund appropriations for the support of any State agency, that can not be paid by reason of the depletion of the special fund as a result of any setting apart of revenues under Section 15 of Article XIII of the Constitution shall be paid from the General Fund to the extent only of the sums so set apart.

(Added by Stats. 1945, Ch. 120.)

16309. If money is set apart from more than one nongeneral fund revenue, and available money is insufficient for repayment in full, repayments shall be made in proportion to the unpaid balances.

(Added by Stats. 1945, Ch. 120.)

16310. (a) When the General Fund in the Treasury is or will be exhausted, the Controller shall notify the Governor and the Pooled Money Investment Board. The Governor, or their designee, may order the Controller to direct the transfer of all or any part of the moneys not needed in other funds or accounts to the General Fund from those funds or accounts, as determined by the Pooled Money Investment Board, including the Surplus Money Investment Fund or the Pooled Money Investment Account. All moneys so transferred shall be returned to the funds or accounts from which they were transferred as soon as there are sufficient moneys in the General Fund to return them. No interest shall be charged or paid on any transfer authorized by this section, exclusive of the Pooled Money Investment Account, except as provided in this section. This section does not authorize any transfer that will interfere with the object for which a special fund was created or any transfer from the Central Valley Water Project Construction Fund, the Central Valley Water Project Revenue Fund, or the California Water Resources Development Bond Fund.

(b) (1) Interest shall be paid on all moneys transferred to the General Fund from the following funds:

(A) The Department of Food and Agriculture Fund.

(B) The DNA Identification Fund.

(C) The Behavioral Health Services Fund.

(D) All funds created pursuant to the California Children and Families Act of 1998, enacted by Proposition 10 at the November 3, 1998, statewide general election.

(E) Any funds retained by or in the possession of the California Exposition and State Fair pursuant to this section.

(2) With respect to all other funds, and unless otherwise specified, if the total moneys transferred to the General Fund in any fiscal year from any special fund pursuant to this section exceed an amount equal to 10 percent of the total additions to surplus available for appropriation as shown in the statement of operations of a prior fiscal year as set forth in the most recent published annual report of the Controller, interest shall be paid on the excess. Interest payable under this section shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which transferred.

(c) Notwithstanding any other provision of law, except as described in subdivision (d), all moneys in the State Treasury may be loaned for the purposes described in subdivision (a).

(d) Subdivision (c) shall not apply to any of the following:

(1) The Local Agency Investment Fund.

(2) Funds classified in the State of California Uniform Codes Manual as bond funds or retirement funds.

(3) All or part of the moneys not needed in other funds or accounts for purposes of subdivision (a) where the Controller is prohibited by the California Constitution, bond indenture, or case law from transferring all or any part of those moneys.

(Amended by Stats. 2024, Ch. 40, Sec. 3. (SB 159) Effective June 29, 2024. Operative January 1, 2025, pursuant to Sec. 85 of Stats. 2024, Ch. 40.)

16311. The Treasurer may pay all expense for collecting bonds and bond coupons. Where the proceeds of the collection are part of any special fund, the expense shall be charged against the special fund and credited to the General Fund.

(Added by Stats. 1945, Ch. 120.)

16312. (a) Notwithstanding and in addition to any other provision of law permitting withdrawal of moneys from the General Fund for deposit into a special fund for the purpose of carrying out a program or project with repayment to the General Fund to come from the proceeds of the later sale of state bonds or notes, the Pooled Money Investment Board may instead make a loan from the Pooled Money Investment Account directly to any such special fund, on such terms and conditions as the board may determine, upon request made to the board by an appropriate official. Any official authorized by law to seek, authorize, or approve a withdrawal of moneys from the General Fund for these purposes may in the alternative request a loan from the board as provided in this section and execute such documents as are required by the board to obtain and repay the loan. Interest on the loan shall be determined as provided in Section 16314.

(b) The Pooled Money Investment Board may also make a loan from the Pooled Money Investment Account to any special fund for the purpose of carrying out a program or project that is authorized to be financed by issuing bonds, notes, or other evidence of indebtedness, where the special fund does not qualify under subdivision (a). Any loan shall be subject to those terms and conditions as the board shall determine and interest shall be determined as provided in Section 16314.

Any state agency or other entity of state government that has authority to issue bonds may request a loan from the Pooled Money Investment Account and execute such documents as are required by the board to obtain and repay the loan.

(c) When a loan is made pursuant to subdivision (a) or (b) to a special fund to carry out a state general obligation bond program, other than a program adopted pursuant to an initiative statute prior to August 22, 1988, or Chapter 27, 30, 48, or 49 of the Statutes of 1988, the special fund shall pay the loan interest out of the proceeds derived from bond sales. For non-self-liquidating programs adopted pursuant to an initiative statute prior to August 22, 1988, or Chapter 27, 30, 48, or 49 of the Statutes of 1988, the General Fund shall pay the loan interest.

(d) Notwithstanding Section 13340, amounts required to pay interest on loans made to non-self-liquidating general obligation bond programs are hereby continuously appropriated from the General Fund.

The Legislature hereby finds and declares that these appropriations for interest payments regarding general obligation bond programs are appropriations for debt service as defined in Section 8 of Article XIII B of the California Constitution and therefore are exempt from the appropriations limit set by that article.

(Amended by Stats. 1988, Ch. 984, Sec. 1. Effective September 20, 1988.)

16312.1. (a) (1) It is in the best interest of the state to ensure that there are adequate resources to fund critical state highway and local road projects in a timely manner. The Director of Finance may designate up to 15 percent of projected cash balances, as determined by the Department of Finance, in funds and accounts specified in paragraph (2), to provide a contingency interim financing amount for critical highway and road projects in the event there are insufficient general obligation bond proceeds that otherwise would fund those projects, or in the event there is inadequate access to the commercial paper market to ensure timely progress of those projects.

(2) The eligible funds and accounts for purposes of paragraph (1) are the Transportation Investment Fund, the Motor Vehicle Fuel Account, the Transportation Revolving Account, the State Highway Account, and the Highway Users Tax Account.

(b) Upon a designation by the Director of Finance pursuant to subdivision (a), the Pooled Money Investment Board may provide funds to state agencies requesting loans for critical state highway and local road projects, as recommended by the Department of Finance.

(c) Any amount designated by the Director of Finance pursuant to subdivision (a) may be provided as an alternative funding mechanism to any other provision of law permitting loans to state agencies from the Pooled Money Investment Account for the same purpose.

(d) State agencies requesting a loan pursuant to this section shall follow the process as prescribed by the Pooled Money Investment Board, which shall be consistent with the process for loans under Section 16312.

(Added by Stats. 2012, Ch. 1, Sec. 3. (SB 95) Effective February 3, 2012.)

16313. Notwithstanding and in addition to any other provision of law permitting loans to state agencies from the Pooled Money Investment Account, the Pooled Money Investment Board may make a loan, on such terms and conditions as the board may determine, from the Pooled Money Investment Account to any state agency in order to prepay or replace existing financing when the board determines it is in the best interest of the state to do so. Interest on the loans shall be determined as provided in Section 16314.

Any state agency with existing financing may request a loan from the Pooled Money Investment Account to replace existing financing and may execute such documents as are required by the board to obtain and repay the loan.

(Added by Stats. 1987, Ch. 6, Sec. 2. Effective March 23, 1987.)

16314. (a) The Pooled Money Investment Board shall establish the annual rate of interest charged on short-term loans of state funds executed after January 1, 1981, where the statute authorizing such loans does not prohibit interest or specify an interest rate or a method of computing an interest rate. The rate of interest shall not be less than the last available daily rate of return earned by the Pooled Money Investment Account on the actual date of withdrawal or transfer of the loan funds.

(b) The Pooled Money Investment Board shall establish the annual rate of interest charged on long-term loans of state funds executed after January 1, 1981, where the statute authorizing such loans does not prohibit interest or specify an interest rate or a method of computing an interest rate. The rate of interest shall not be less than the lesser of the last available daily rate of return earned by the Pooled Money Investment Account on the actual date of withdrawal or transfer of the loan funds, or the average of the annual rates of return earned by the Pooled Money Investment Account for the three fiscal years immediately preceding the year in which the loan is executed.

(c) As used in this section, "short-term loans of state funds" means any loan from any fund or account in the State Treasury or from the reserve for contingencies or emergencies administered by the Department of Finance to any other fund in the State Treasury or to any state or local agency for a period of less than one year.

(d) As used in this section, "long-term loans of state funds" means any loan from any fund or account in the State Treasury or from the reserve for contingencies or emergencies administered by the Department of Finance to any other fund in the State Treasury or to any state or local agency for a period of one year or longer, except loans made pursuant to Section 71.4 of the Harbors and Navigation Code and Section 21602 of the Public Utilities Code.

(e) Notwithstanding subdivision (a), the Director of Finance shall have the authority to waive interest charges on short-term loans of state funds to other state agencies or funds to cover temporary shortages of funds where anticipated reimbursements have not been forthcoming, or where the agency cannot recover interest charges in the reimbursement, or where the loan is to a department or agency which derives its support from the same fund from which the loan is to be made. This authority shall not apply to loans from the Pooled Money Investment Account.

(f) The Director of Finance may extend the loan repayment date of loans of state funds as defined in subdivisions (c) and (d). At the time any such loan repayment date is extended, the loan shall be considered to be a new loan for the purposes of establishing the annual rate of interest under the provisions of subdivisions (a) and (b) for the period the loan is extended. The interest rate established on the actual date of withdrawal or transfer of the loan funds shall not be altered by such an extension.

(Added by Stats. 1980, Ch. 1118.)

16315. Any appropriation made for major construction, improvements, equipment, designs, working plans, and specifications may be expended to reimburse the Division of Architecture Revolving Fund, the University of California, or the Trustees of the California State University, for expenditures incurred prior to the availability of the appropriation, if the State Public Works Board and the Department of Finance have approved preliminary plans for the project to be financed from the appropriation in accordance with any applicable provision of law. Any money in the Division of Architecture Revolving Fund may be expended or encumbered for expenditure prior to the availability of the appropriation for any project as to which reimbursement of the fund therefor is authorized by this section. Any money available to the Trustees of the California State University for expenditure for projects of major construction, improvements, equipment, designs, working plans, and specifications may be expended or encumbered for expenditure by the trustees for any state university project prior to the availability of the appropriation for the particular project, if reimbursement of the trustees or the state university from such appropriation is authorized pursuant to this section.

Nothing herein contained shall be construed to limit or control the Regents of the University of California or the Trustees of the California State University in the expenditure of funds appropriated for major construction, improvements, and equipment for the use, development, or enlargement of the University of California or the California State University, respectively.

(Amended by Stats. 1983, Ch. 143, Sec. 192.)

16316. Any appropriation made for acquisition of real property may be expended to pay for expenses incurred for appraisals, title searches, surveys and other investigations prior to the availability of such appropriation, provided that the Director of Finance has approved the incurring of such preliminary expenses.

(Added by Stats. 1957, Ch. 80.)

16317. (a) The Controller shall maintain a system of accounts for each of the funds redesignated by the act enacting this section as accounts within the Transportation Tax Fund or the State Transportation Fund which will reflect the equity of each account, including investments and earnings on investments.

(b) No procedures shall be established to implement the act enacting this section which would impair the authority to establish accounting systems, or impair the cash management authority, possessed by the California Highway Commission and the Department of Public Works prior to the enactment of this section.

(Added by Stats. 1971, Ch. 1243.)

16317.5. No state funds or employee activities financed by the state shall, directly or indirectly, be used for accounting of, or authorizing the disbursement of, any funds of any state agency, except through accounts approved by the Department of Finance. Such funds shall be reported in official financial statements by the Department of Finance. The accounting of nonstate funds shall be exempt from this section if such accounting is a part of an investigation in which the state is involved.

(Added by Stats. 1977, Ch. 1011.)

16320. (a) Unless otherwise prohibited by law, moneys in the State Treasury may be loaned from one state fund or account to any other state fund or account to address the 2001–02, 2002–03, and 2003–04 fiscal year budgetary shortfalls, subject to all of the following conditions:

- (1) The loan is authorized in the 2002 Budget Act, legislation enacted in a 2003–04 Extraordinary Session, or the 2003 Budget Act.
- (2) The terms and conditions of the loan, including an interest rate, are set forth in the loan authorization.
- (3) The loan is considered part of the balance of the fund or account that received the funds for the purpose of accounting and budgeting, including any determination made pursuant to Section 13307.
- (4) The loan is not deducted from the balance of the fund or account from which the loan is made for purposes of calculating a fee or assessment.
- (5) A fee or assessment is not increased as a result of a loan.
- (6) Moneys loaned under this section are not considered a transfer of resources for purposes of determining the legality of the use of those moneys by the fund or account from which the loan is made or the fund or account that received the loan.

(b) (1) Unless law authorizing any budgetary loan states otherwise, the Director of Finance shall order the repayment of all or a portion of any budgetary loan, including, but not limited to, those loans described in subdivision (a), if he or she determines that either of the following circumstances exists:

- (A) The fund or account from which the loan was made has a need for the moneys.
- (B) There is no longer a need for the moneys in the fund or account that received the loan.

(2) The Director of Finance shall notify, in writing, the Chairperson of the Joint Legislative Budget Committee within 30 days of ordering the repayment of any of these loans.

(c) On August 1 of each year, the Director of Finance shall report in writing to the Chairperson of the Joint Legislative Budget Committee the balances of any outstanding budgetary loans as of the preceding June 30.

(d) On February 1 of each year, the Director of Finance shall report in writing to the Chairperson of the Joint Legislative Budget Committee the balances of any outstanding budgetary loans as of the preceding December 31.

(e) The August 1 and February 1 reports described in subdivisions (c) and (d), respectively, shall include a summary of the General Fund budgetary obligations for future payment of deferred or suspended expenditures or transfers to any special fund or account and the dates that the obligations are due.

(Amended by Stats. 2011, Ch. 11, Sec. 11. (SB 80) Effective March 24, 2011.)

16321. The amount of outstanding loans made pursuant to Section 14556.8 is seven hundred six million dollars (\$706,000,000). Four hundred seventy million dollars (\$470,000,000) of this amount shall be repaid from the General Fund pursuant to subdivision (c) of Section 20 of Article XVI of the California Constitution. Two hundred thirty-six million dollars (\$236,000,000) shall be repaid from the General Fund. The total amount of the loans shall be repaid no later than June 30, 2020, and upon repayment of this amount all loans authorized pursuant to Section 14556.8 and any associated interest shall be deemed repaid. The loans shall be repaid proportionately and in equal installments over three years. The Department of Finance shall prepare a loan repayment schedule, pursuant to which the outstanding loans shall be repaid by June 30, 2020, as follows:

- (a) Two hundred fifty-six million dollars (\$256,000,000) for transfer to the Public Transportation Account, to be allocated as follows:
 - (1) Up to twenty million dollars (\$20,000,000) to local and regional agencies for climate change adaptation planning.
 - (2) The remainder to the Transit and Intercity Rail Capital Program as authorized in Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

(b) Two hundred twenty-five million dollars (\$225,000,000) for transfer to the State Highway Account, for the State Highway Operation and Protection Program.

(c) Two hundred twenty-five million dollars (\$225,000,000) is hereby continuously appropriated without regard to fiscal year to the Controller for apportionment to cities and counties for local streets and roads pursuant to the formula in clauses (i) and (ii) of subparagraph (C) of paragraph (3) of subdivision (a) of Section 2103 of the Streets and Highways Code.

(Amended by Stats. 2019, Ch. 32, Sec. 7. (SB 87) Effective June 27, 2019.)

16328. Subdivision (g) of Section 36 of Article XIII of the California Constitution created the Education Protection Account in the State Treasury. Notwithstanding any law, the Controller may use the funds in the Education Protection Account for cashflow loans to the General Fund as provided in Sections 16310 and 16381.

(Added by Stats. 2011, Ch. 12, Sec. 4. (SB 82) Effective March 24, 2011.)

16329. Subdivision (d) of Section 36 of Article XIII of the California Constitution created the Local Revenue Fund 2011 in the State Treasury. Notwithstanding any law, the Controller may use the funds in the Local Revenue Fund 2011 for cashflow loans to the General Fund as provided in Sections 16310 and 16381.

(Added by Stats. 2011, Ch. 12, Sec. 5. (SB 82) Effective March 24, 2011.)

16330. (a) (1) The State Agency Investment Fund is hereby created within the State Treasury, for the receipt of deposits from state agencies with moneys not currently required by law to be deposited in the Pooled Money Investment Account.

(2) For purposes of this section, a "state agency" includes any state office, officer, department, division, bureau, board, commission, organization, or agency, including, but not limited to, the University of California, the California State University, the California Community Colleges, and the Judicial Council.

(b) Each agency that deposits moneys in the fund shall deposit no less than a total of five hundred million dollars (\$500,000,000). The total amount of moneys that may be deposited in the fund from all eligible sources shall not exceed, at any point in time, a total of ten billion dollars (\$10,000,000,000), or a lesser amount as determined by the Director of Finance, in consultation with the Treasurer.

(c) The terms and conditions of deposits made into the fund shall be set by the Director of Finance, in consultation with the Treasurer. Those terms shall include, but not be limited to, the size of deposit from a particular state agency, the length of time those moneys shall be held in deposit in the fund, the availability of funds for withdrawal by the state agency depositing the funds, and the annual rate of interest paid on deposits, as described in subdivision (e).

(d) Moneys held in the fund shall be invested by the Treasurer in investments authorized by Sections 16430 and 16480 through the Pooled Money Investment Account, and notwithstanding any other law, shall be deemed borrowable by the General Fund for cashflow purposes pursuant to Sections 16310 and 16381. Repayment of any of those borrowings shall be considered a priority payment, equivalent to any other loan repayment made from the General Fund to another state fund.

(e) Notwithstanding any other law, the rate of interest to be paid to the depositors shall be the base apportionment rate based on their pro rata share of the earnings of the Pooled Money Investment Account on a quarterly basis at the end of each quarter plus an enhanced amount. The pro rata share shall be determined by a dollar day participation. The base apportionment rate applied to the dollar day participation in the fund shall be the quarter-to-date average yield of the Pooled Money Investment Account for the current quarter. The enhancement amount paid to depositors in the fund shall be determined by the Director of Finance, in consultation with the Treasurer, and shall be added to the base rate earned by the Pooled Money Investment Account at the time the apportionment is made. The total interest cost described in this subdivision shall not exceed that provided for in paragraph (1) of subdivision (d) of Section 16731.

(f) Notwithstanding Section 13340, moneys in the fund are hereby continuously appropriated to the Controller for payment of interest expenditures to depositors calculated in accordance with subdivision (e), and return of deposits to depositors according to terms and conditions set by the Director of Finance, in consultation with the Treasurer.

(g) The Department of Finance shall determine the budget items to be used for the recording and reporting of interest expenditures pursuant to this section.

(h) Deposits in the fund shall be tracked separately for each participant in the state's accounting system, and shall be deemed to be assets of each participant. These assets shall be reflected as such on the participants' financial statements.

(i) Actions by the Director of Finance, in consultation with the Treasurer, in implementing and administering the investment program provided for in this section shall be exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3).

(Added by Stats. 2011, Ch. 142, Sec. 1. (SB 79) Effective August 1, 2011.)

16340. (a) (1) The Voluntary Investment Program Fund is hereby created within the State Treasury, for the receipt of voluntary deposits from local entities.

(2) For purposes of this section, a "local entity" includes, but is not limited to, any city, county, school district, or special district.

(b) Each local entity that is approved by its governance body to deposit moneys in the fund shall deposit no less than a total of two hundred million dollars (\$200,000,000). The total amount of moneys that may be deposited in the fund from all eligible sources shall not exceed, at any point in time, a total of ten billion dollars (\$10,000,000,000), or lesser amount as determined by the Director of Finance, in consultation with the Treasurer.

(c) The terms and conditions of deposits made into the fund shall be set by the Director of Finance, in consultation with the Treasurer. Those terms shall include, but not be limited to, the size of the deposit from a particular local entity, the length of time those moneys shall be held in deposit in the fund, the availability of funds for withdrawal by the local entity depositing the funds, and the annual rate of interest paid on deposits, as described in subdivision (e). However, the director and the Treasurer may only permit deposits that do not exceed funds needed to address an actual or anticipated cash shortfall in the General Fund not exceeding the amounts of existing appropriations, including continuing and continuous appropriations, to which resulting proceeds are to be applied.

(d) Moneys held in the Fund shall be invested by the Treasurer in investments authorized pursuant to Sections 16430 and 16480 through the Pooled Money Investment Account, and whenever the Controller determines that moneys in the General Fund, after allowing for internal borrowing from other funds are, or are expected to be, insufficient for the payment of all appropriations made by the Legislature which are to be paid out of the moneys in the General Fund, the State Controller may, based upon his or her estimate of the probable income to the General Fund during the then fiscal year and the probable dates of receipt thereof, may draw a demand or demands against appropriations made from the General Fund to be paid in the then current fiscal year prior to the receipt of the income, and deliver the demand or demands to the Treasurer. The Treasurer shall register the demand or demands for nonpayment and may borrow moneys from the fund in an amount or amounts that is no greater than the demand or demands provided. The borrowing, together with the interest owed upon the account thereon, shall be paid exclusively from moneys in the General Fund on probable or reasonably anticipated revenues that are expected to be forthcoming within a short period of time, but not excepting recourse to internal borrowing from other funds in the event insufficient moneys are available from the General Fund. Repayment of any of those borrowings shall be considered a priority payment, equivalent to any other loan repayment made from the General Fund to another state fund.

(e) Notwithstanding any other law, the rate of interest to be earned by the depositors shall be the base apportionment rate based on their pro rata share of the earnings of the Pooled Money Investment Account on a quarterly basis at the end of each quarter plus an enhanced amount. The pro rata share shall be determined by a dollar day participation. The base apportionment rate applied to dollar day participation in the fund shall be the quarter-to-date average yield of the Pooled Money Investment Account for the current quarter. The enhancement amount paid to depositors in the fund shall be determined by the Director of Finance, in consultation with the Treasurer, and shall be added to the base rate earned by the Pooled Money Investment Account at the time the apportionment is made. The total interest cost described in this subdivision shall not exceed that provided for in paragraph (1) of subdivision (d) of Section 16731.

(f) Notwithstanding Section 13340, moneys in the fund are hereby continuously appropriated for payment of interest expenditures to depositors calculated in accordance with subdivision (e), other related expenses as determined by the Department of Finance, and return of deposits to depositors according to terms and conditions set by the Director of Finance, in consultation with the Treasurer. The amounts paid for interest and other related expenses shall be attributable to the fiscal year in which the borrowing occurred which is also the fiscal year upon which the appropriations against which the demand or demands were made.

(g) The Department of Finance shall determine the budget items to be used for the recording and reporting of interest expenditures and other related expenses pursuant to this section.

(h) Deposits in the fund shall be tracked separately for each participant in the state's accounting system, and shall be deemed to be assets of each participant. These assets shall be reflected as such on each participant's individual financial statements.

(i) These deposits are, and may only be used, to cover short-term cash needs of the state and are, and shall be, in compliance with the provisions of Proposition 58 of March 2004 as stated in subdivision (c), Section 1.3 of Article XVI of the California Constitution. Deposits and borrowing from the fund shall comply with the state's debt limit restrictions.

(j) Actions by the Director of Finance, in consultation with the Treasurer, in implementing and administering the investment program provided for in this section and the Treasurer's and Controller's actions in borrowing from the fund shall be exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3).

(k) Upon projection of insufficient cash in the General Fund, the Director of Finance, in consultation with the Treasurer and Controller, may utilize provisions similar to Section 16381 to facilitate the implementation of the program.

(Added by Stats. 2012, Ch. 44, Sec. 1. (SB 1033) Effective June 27, 2012.)

16341. A state agency that receives revenues for state costs under a cost recovery statute shall account for those revenues to the Controller for deposit into the State Treasury, as provided in Section 16301.

(Added by Stats. 2014, Ch. 230, Sec. 2. (AB 1583) Effective January 1, 2015.)