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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 4. WARRANTS [17000 - 17296.5] (Part 4 added by Stats. 1945, Ch. 120.)

CHAPTER 2. Registered Warrants [17200 - 17296.5] (Chapter 2 added by Stats. 1945, Ch. 120.)

ARTICLE 4. Payment [17270 - 17280.3] (Article 4 added by Stats. 1945, Ch. 120.)

17270. All warrants are payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The Controller shall cause to be endorsed upon the face of each warrant drawn upon the Treasurer a provision that it is so payable.

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

17271. (a) A registered warrant that bears a maturity date shall be paid by the Treasurer upon that date out of any unapplied money in the General Fund on the due date, available therefor.

(b) Notwithstanding subdivision (a), accrued interest on a registered reimbursement warrant shall be paid by the Treasurer on each payment date established pursuant to Section 17243 out of any unapplied money in the General Fund available therefor on the payment date.

(c) Notwithstanding subdivision (a), a registered reimbursement warrant may provide that it may be redeemed at the option of the committee prior to the maturity date of the warrant at a redemption price not to exceed 110 percent of the principal amount of the warrant plus accrued interest. The optional redemption price shall be paid by the Treasurer out of any unapplied money in the General Fund available therefor on the optional redemption date.

(Amended by Stats. 2009, Ch. 23, Sec. 10. Effective July 28, 2009.)

17272. Registered warrants not bearing a maturity date, and registered warrants bearing a maturity date, but for the payment of which refunding warrants have not been sold or unapplied money is not available on the due date, shall be paid, together with all interest due, at such times as the Controller determines, with the approval of the committee. Upon approval the Controller shall notify the Treasurer of the numbers of the warrants which are to be redeemed.

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

17273. The Treasurer shall immediately publish notice that such registered warrants are redeemable by advertising for six consecutive days, Sundays excepted, in newspapers publishing legal notices in the cities of Sacramento, San Francisco, and Los Angeles.

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

17274. The notice of redemption shall read substantially as follows:

"NOTICE TO HOLDERS OF STATE OF
CALIFORNIA WARRANTS

State Controller's warrants number _____ to number _____, inclusive, drawn against the General Fund in the state treasury will be payable on
(redemption date) upon presentation to the State Treasurer.

(Name of State Treasurer)

State Treasurer."

(Amended by Stats. 1993, Ch. 766, Sec. 5. Effective January 1, 1994.)

17275. Any interest paid on any registered warrant shall accrue to the person holding the warrant on the date of redemption, except a registered reimbursement warrant may provide otherwise. A registered warrant ceases to bear interest on the first of the following dates:

(a) The maturity date endorsed on its face, if any, if on that date unapplied money or the proceeds of refunding warrants are available for its payment.

(b) The date of redemption, so long as the date is at least three days following the first day of published notice pursuant to Section 17273.

(c) The date a registered warrant is used by a taxpayer, pursuant to Section 17280.1, or by a beneficial owner of a state bond, pursuant to Section 17280.3, to offset a tax liability of the taxpayer or beneficial owner.

(Amended by Stats. 2011, Ch. 306, Sec. 1. (SB 506) Effective January 1, 2012.)

17276. (a) If on the maturity date indorsed on a registered reimbursement warrant, there is no money available for its payment, either from unapplied money, or from the proceeds of refunding warrants the registered reimbursement warrant shall continue to bear interest on the principal amount of the warrant and shall become payable in the same manner as registered warrants not bearing maturity dates.

(b) Notwithstanding Section 17222, if at any time it is necessary to register warrants pursuant to this chapter for the payment of any interest payment on a registered reimbursement warrant, those warrants shall bear interest at the fixed or variable rate determined by the Controller and as specified in the registered reimbursement warrant as the interest rate for those warrants. Interest on those warrants shall be payable only upon redemption of the warrants.

(c) Notwithstanding subdivision (b), in no case shall the total sum of interest payments on the registered reimbursement warrant and the warrants registered for the payment of any interest payment on that registered reimbursement warrant exceed an amount equal to the interest that could have accrued on the registered reimbursement warrant at the maximum interest rate that could have been fixed by the committee thereon pursuant to subdivision (a) of Section 17244.

(Amended by Stats. 2009, Ch. 23, Sec. 12. Effective July 28, 2009.)

17277. If it appears to the Controller that, on the maturity date on the face of any registered reimbursement warrant, there will be insufficient unapplied money in the General Fund available for its payment he or she may issue a refunding warrant, with the written approval of the Treasurer.

(Amended by Stats. 1993, Ch. 766, Sec. 7. Effective January 1, 1994.)

17278. Refunding warrants issued, registered, and sold for the purpose of paying and retiring registered reimbursement warrants theretofore issued shall be based upon the same claims and shall be identical in form and amount to the warrants to be paid and retired except as to serial number, date of registration, due date, and interest rate. The provisions of this chapter applicable to reimbursement warrants are applicable to refunding warrants.

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

17279. Refunding warrants may be issued with or without a fixed maturity date and shall be sold in the same manner as reimbursement warrants. The proceeds shall be held by the Treasurer and applied exclusively to the payment of the registered reimbursement warrants for the payment of which the refunding warrants were issued.

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

17280. If at any time it is necessary to register warrants for the payment of principal and interest on State bonds, warrants so registered have a prior lien in the order of their issuance on any money thereafter received into the General Fund, and shall be paid before any other warrants regardless of the prior issuance of the latter.

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

17280.1. (a) A taxpayer who has a tax liability, including any liability for periodic estimated tax payments, with respect to personal income taxes or bank and corporation taxes, and who is a payee named in a registered warrant as defined in Section 17221 which is received in payment of an obligation of the State of California to the taxpayer, may pay any tax liability specified above, in whole or in

part, by a check in an amount not to exceed the amount of the registered warrant, exclusive of any interest thereon. That check shall not be presented for payment by the state or paid by the bank on which it is drawn until the registered warrant payable to the taxpayer is payable upon its presentation to the Treasurer. The provisions of this section shall be applicable only if the taxpayer's check in payment of a tax liability pursuant to this section is accompanied by a copy of the registered warrant, as specified above, which clearly discloses the name of the payee, the amount to be paid, the number of the warrant, and the completed and signed legend as provided for in subdivision (d).

(b) Any taxpayer submitting a check for the payment of taxes pursuant to subdivision (a) shall be precluded from receiving interest on his or her registered warrant from the date the check for the payment of taxes is submitted.

(c) In the event that a taxpayer who submits a check for the payment of taxes pursuant to subdivision (a) presents his or her registered warrant to a bank or other institution for payment, the taxpayer shall make a declaration upon presentment that he or she is ineligible pursuant to subdivision (b) to receive interest from the date he or she submitted the check.

(d) To facilitate the taxpayer in making the declaration required by subdivision (c), all registered warrants issued shall bear a legend on the reverse side in substantially the following form:

"In endorsing this warrant, I declare that I have ☐ or have not ☐ (check one) submitted a check on (date) for the payment of tax liability in an amount not to exceed the amount of this warrant. I further declare that by submitting that check, I am ineligible for the receipt of interest on this warrant after the above date."

(Added by Stats. 1983, Ch. 1211, Sec. 3.)

17280.2. In the event a tax liability is paid, in whole or in part, with a registered warrant which is redeemable at the time the tax liability is paid, interest as specified in this article, shall be credited to the taxpayer's account.

(Added by Stats. 1983, Ch. 1211, Sec. 4.)

17280.3. (a) If a registered warrant, as defined in Section 17221, is issued for payment of any principal or interest due and payable on a state bond that is held in book entry form by a securities settlement system, the beneficial owner of the state bond may offset the portion of the principal amount of the registered warrant (exclusive of interest thereon) that is attributable to that beneficial owner's beneficial interest in the state bond against an existing tax liability, as defined in subdivision (a) of Section 17280.1, of that beneficial owner, in accordance with Sections 17280.1 and 17280.2, or otherwise in accordance with procedures established by the Controller, notwithstanding that the securities settlement system, or its nominee, is the registered owner of the state bond or the named payee of the registered warrant. The amount of that beneficial owner's tax liability that may be offset pursuant to this section shall not exceed the portion of the principal amount of the registered warrant, exclusive of interest thereon, that is attributable to the taxpayer's beneficial ownership of the state bond. Any beneficial owner who exercises the offset right set forth in this section in payment of an existing tax liability shall not be entitled to receive payment of any interest accruing on the portion of the registered warrant attributable to that beneficial owner's beneficial interest in the state bond after the date on which the beneficial owner exercises the offset right in accordance with the applicable procedures, and the beneficial owner shall be required to promptly repay to the state any interest accruing on the registered warrant after that date that may be paid to or ultimately received by the beneficial owner, if any. The preceding sentence shall apply even if the portion of the principal amount of the registered warrant that is attributable to the beneficial owner's ownership interest in the state bond is larger than the amount of the tax liability offset by the beneficial owner with that registered warrant. Upon exercising the right of offset pursuant to this subdivision, the beneficial owner shall not be permitted to sell, transfer, or assign his or her beneficial ownership of the applicable state bond until the applicable registered warrant has been redeemed by the state and the beneficial owner has repaid any interest received on his or her portion of that registered warrant attributable to the period after that beneficial owner's exercise of the right of offset as provided in this subdivision. For purposes of this subdivision and subdivision (b), "state bond" means any general obligation bond or revenue anticipation note issued by the state.

(b) No state entity shall take any action that would materially adversely impair, limit, or restrict the rights of a beneficial owner of a state bond, as set forth in this section, Section 17280.1, or Section 17280.2, or any successor provisions, as those provisions were in effect when the person or party became a beneficial owner of the state bond, until the state bond is fully paid and discharged.

(Amended by Stats. 2012, Ch. 162, Sec. 63. (SB 1171) Effective January 1, 2013.)