

Offered: 3/23/89  
Referred: Labor & Commerce  
and Finance

6-0601J

Original sponsor: Gruenberg

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE  
2 CS FOR HOUSE BILL NO. 186 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to state warrants; and providing for  
7 an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. AS 43.05.170 is amended to read:  
10 Sec. 43.05.170. PAYMENT OF WARRANTS. Subject to (b) - (c) of  
11 this section, upon [UPON] presentation for payment the department  
12 shall pay all warrants drawn by the Department of Administration  
13 against the state treasury, which have been properly endorsed and have  
14 not been cancelled by law. The commissioner of revenue may designate  
15 one or more agents for the purpose of redeeming state warrants, and  
16 may require that these agents be used exclusively for the purpose of  
17 redeeming state warrants. Warrants made payable to two or more per-  
18 sons in an amount less than \$50 may be paid if endorsed by only one of  
19 the designated payees.  
20 \* Sec. 2. AS 43.05.170 is amended by adding new subsections to read:  
21 (b) If a financial institution accepts a dishonored warrant  
22 under \$10,000 and if the state did not give the institution reasonable  
23 notice that the warrant would be dishonored, the department shall pay  
24 the value of the warrant to the financial institution under the fol-  
25 lowing procedures and conditions:  
26 (1) when a financial institution submits a dishonored  
27 warrant to the state for redemption, the Department of Administration  
28 shall notify the financial institution that the warrant is a dis-  
29 honored warrant and shall return the warrant to the financial

1 institution through the state's warrant redemption and clearing finan-  
2 cial institution;

3 (2) when the dishonored warrant has been returned to the  
4 financial institution under (1) of this subsection, the financial  
5 institution shall take all reasonable steps to collect the value of  
6 the warrant from the payee on the warrant; if, after taking reasonable  
7 steps to collect, the financial institution is unable to collect the  
8 value of the warrant, the financial institution may submit the warrant  
9 to the Department of Administration for payment under (3) of this  
10 subsection;

11 (3) if a dishonored warrant is submitted to the Department  
12 of Administration under (2) of this subsection and if the Department  
13 of Administration is satisfied that the financial institution has  
14 taken reasonable steps to collect the value of the warrant, the de-  
15 partment shall pay to the financial institution the value of the  
16 warrant if sufficient funds exist and if sufficient authorization  
17 exists in the original authorization for the warrant; if sufficient  
18 funds or sufficient authorization does not exist for payment, the  
19 state shall submit a supplemental appropriation to the legislature for  
20 the payment; when the supplemental appropriation is enacted, the  
21 department shall pay the financial institution.

22 (c) If a financial institution has accepted a dishonored warrant  
23 of \$10,000 or over, the department shall pay the value of the warrant  
24 to the financial institution under the following procedures and con-  
25 ditions:

26 (1) the division of finance in the Department of Adminis-  
27 tration shall maintain a current list of dishonored warrants; the  
28 financial institution may call the division to verify that a warrant  
29 is not a dishonored warrant;

1           (2) if the division of finance informs the financial insti-  
2           tution under (1) of this subsection that the warrant is not a dis-  
3           honored warrant, the department shall pay the value of the warrant to  
4           the financial institution under (3) of this subsection even if the  
5           warrant subsequently becomes a dishonored warrant;

6           (3) if payment is authorized under (2) of this subsection,  
7           the department shall pay to the institution the value of the warrant  
8           if sufficient funds exist and if sufficient authorization exists in  
9           the original authorization for the warrant; if sufficient funds or  
10          sufficient authorization does not exist for payment, the state shall  
11          submit a supplemental appropriation to the legislature for the pay-  
12          ment; when the supplemental appropriation is enacted, the department  
13          shall pay the financial institution.

14          (d) In this section,

15                 (1) "dishonored warrant" means a warrant on which the state  
16                 has placed a stop payment;

17                 (2) "reasonable steps to collect" includes the attempt to  
18                 collect the money from the account of the payee on the warrant, or  
19                 from the payee personally, if the payee does not have sufficient funds  
20                 in the account and resides in the state.

21          \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).