

**ITEM 8**  
**LEGISLATIVE UPDATE**  
**2018 LEGISLATION**

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Commission staff continues to monitor legislation for bills that affect the mandates process.

**SB 1498 – Local Government Omnibus Act of 2018**

SB 1498 was introduced by the Senate Governance and Finance Committee on March 1, 2018. This is an omnibus bill which, among other things, proposes amending Government Code section 17551 to specify that for purposes of filing a test claim based on the date of first incurring increased costs, “within 12 months” means by June 30 of the fiscal year following the fiscal year in which increased costs were first incurred by the test claimant.

Under existing law, a local agency or school district is required to file a test claim not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later. In December 2017, this Commission approved amendments to its regulations, California Code of Regulation section 1183.1(c) that amend the filing period for test claims from conforming to the end of the fiscal calendar year (June 30) following the fiscal year in which costs were first incurred, to 365 from date of incurring increased costs.

If adopted, this provision would invalidate the Commission’s amendment to section 1183.1(c) of the Commission’s regulations and allow test claimant’s to always choose the later deadline (based on first incurring costs) since reimbursable costs can never be incurred *before* the effective date of a statute or executive order. For example, if the effective date of a given statute is July 1, 2017, then the period of limitation for filing the test claim based on the effective date would be July 1, 2018.<sup>1</sup> But if a test claimant alleges that it began first incurring costs on July 2, 2017 (one day after the effective date of the statute, and in fiscal year 2017-2018), the claimant could avail itself of the language in the proposed bill allowing a test claim filing by “June 30 of the fiscal year following the fiscal year in which costs are first incurred,” and extend the period of limitation to June 30 of the following fiscal year (2018-2019), or to June 30, 2019; *one day short of two years after the statute became effective*. Therefore, this proposed amendment essentially extends the statute of limitation by up to 364 days, but only for those claimants who choose to file test claims based on first incurring costs.

On April 25, 2018 the bill was referred to the Senate Appropriations Committee. On May 8, 2018, the bill was read a second time and ordered to the consent calendar. Staff will continue to monitor this bill.

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<sup>1</sup> If the test claim was approved, the period of reimbursement under Government Code section 17557, using a July 1, 2018 filing date would be July 1, 2017, the effective date of the statute.