

ITEM 7

LEGISLATIVE UPDATE

2020 LEGISLATION

The Legislative session ended on Monday, August 31, 2020 and the Legislature will convene into the 2021-22 Regular Session on December 7, 2020. As a result of the many disruptions to this session related to COVID-19, few bills were passed.

The following is the end-of-session update on bills that might affect the mandates process.

SB 287 – Commission on State Mandates: test claims: filing date

SB 287 was introduced by Senator Nielsen on February 13, 2018. This bill proposes to amend Government Code section 17551 by adding language that would 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 first incurring increased costs as a result of a statute or executive order, whichever is later. In December 2017, the Commission approved an amendment to section 1183.1(c) of its regulations to specify that for purposes of filing a claim based on the date of first incurred costs, “12 months” means 365 days, rather than “June 30 of the fiscal year following the fiscal year in which increased costs were first incurred by the test claimant.”

If adopted, this provision would invalidate the Commission’s amendment to section 1183.1(c) of the Commission’s regulations and allow test claimants to always choose the later deadline (based on the date of 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, 2019, then the period of limitation for filing the test claim based on the effective date would be July 1, 2020. But if a test claimant alleges that it began first incurring costs on July 2, 2019 (one day after the effective date of the statute, and in fiscal year 2019-2020), 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 (2020-2021), or to June 30, 2021; *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 for those claimants who choose to file test claims based on the date of first incurring costs.

On August 30, 2019, the bill was held in the Assembly Appropriations Committee under submission.

AB 2395 State mandates: claims

AB 2395 was introduced by Assembly Member Lackey on February 18, 2020.

The California Constitution requires, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, including school districts, the state to provide a subvention of funds to reimburse the local government, unless an exception applies. Statutory provisions that establish procedures for making that reimbursement include a requirement that no claim shall be made or paid unless it exceeds \$1,000. This bill would amend Government Code section 17564 to lower the minimum claim amount to \$900.

On February 24, 2020, the bill was referred to the Assembly Committee on Local Government. According to the author's office, this was a spot bill which never made it out of its house of origin.

SB 1371 - Maintenance of the codes

SB 1371 was introduced by the Committee on Judiciary on February 21, 2020.

The bill makes technical non-substantive changes to clean up, among other codes, Government Code sections 17581.6 and 17581.7. Government Code section 17581.6 addresses block grants to school districts, County Offices of Education, and Charter Schools while Government Code section 17581.7 addresses the community college state mandate block grant.

This bill was enrolled on September 4, 2020.

SB 98 – Education finance: education omnibus budget trailer bill

SB 98 was introduced by the Committee on Budget and Fiscal Review on January 10, 2019.

This bill allows the Director of Finance to reduce the inflation or cost-of-living adjustments, in the education mandate block grant authorized by Government Code section 17581.6, by a percentage equal to or greater than the projected growth rate of the minimum amount necessary to meet the requirements of Section 8 of Article XVI of the California Constitution, but not less than zero.

On June 29, 2020, the bill was chaptered by the Secretary of State, Chapter 24, Statutes of 2020.

AB 77 – Education finance: education omnibus budget trailer bill

AB 77 was introduced by the Committee on Budget and Fiscal Review on January 10, 2019.

This bill allows the Director of Finance to reduce the inflation or cost-of-living adjustments, in the education mandate block grant authorized by Government Code section 17581.6, by a percentage equal to or greater than the projected growth rate of the minimum amount necessary to meet the requirements of Section 8 of Article XVI of the California Constitution, but not less than zero.

On July 27, 2020, the bill was ordered to inactive at the request of Senator Mitchell.