

ITEM 10
LEGISLATIVE UPDATE
2019 LEGISLATION

Commission staff continues to monitor legislation for 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 language that would specify that for purposes of filing a test claim based on the date of 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, 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 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 (2019-2020), or to June 30, 2020; *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 May 23, 2019, this bill passed out of the Senate and was ordered to the Assembly. On May 24, 2019, the bill was read for the first time in the Assembly. The bill passed out of the Committee on Local Government on June 19, 2019 and was placed on the Appropriations Suspends file on June 26, 2019. On August 30, 2019, the bill was held in committee under submission.

AB 400 – State Mandates

AB 400 was introduced by Assembly Member Lackey on February 6, 2019.

Existing law authorizes a local agency or school district, by February 15 following a fiscal year in which mandated costs are incurred, to file an annual reimbursement claim. This bill would change the filing date to March 1. Existing law provides that if the State Controller issues revised claiming instructions between November 15 and February 15, a local agency or school district has 120 days

from the issuance date of the revised claiming instructions to file a reimbursement claim for state-mandated costs. This bill would change February 15 to March 1.

This bill was referred to the Assembly Committee on Local Government on February 28, 2019. According to the author's office, this is a spot bill. Since this bill did not make its house of origin deadline, it may become a two-year bill and be acted on when the Legislature reconvenes in 2020. (J.R. 61(a)(8) and (e).)

AB 1471 – State-Mandated local costs: preventable loss revenue.

AB 1471 was introduced by Assembly Member Gray on February 22, 2019.

This bill provides that reimbursement to an underprivileged or disadvantaged local agency for preventable lost revenue sustained as a result of the delayed implementation of a state action shall be provided pursuant to the same procedures outlined for local agencies to file a test claim for reimbursement of these costs with the Commission on State Mandates. Additionally, this bill would exempt this provision from the exceptions to the requirement that the state provide a subvention of funds to local agencies under Government Code 17556.

On May 15, 2019, this bill was placed on the Assembly Appropriations Committee suspense file. The bill was held under submission in the Assembly. Since this bill did not make its house of origin deadline, it may become a two-year bill and be acted on when the Legislature reconvenes in 2020. (J.R. 61(a)(8) and (e).)

The legislature will break for interim recess on September 13, 2019.