

AMENDED IN SENATE SEPTEMBER 4, 2007

AMENDED IN SENATE AUGUST 1, 2007

AMENDED IN SENATE JULY 3, 2007

AMENDED IN ASSEMBLY MAY 2, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1222**

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**Introduced by Assembly ~~Member Laird~~ *Members Laird and Silva*  
(~~Principal coauthor: Assembly Member Silva~~)**

February 23, 2007

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An act to amend Sections 17518.5, 17521, 17551, 17553, 17558, 17561, 17564, 17581, 17581.5, and 17612 of, to add Sections 17521.5, 17557.1, and 17557.2 to, to add Article 1.5 (commencing with Section 17572) to Chapter 4 of Part 7 of Division 4 of Title 2 of, and to repeal Section 17572 of, the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

AB 1222, as amended, Laird. State mandates: legislatively determined mandate.

(1) Under the California Constitution, 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 is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing law establishes a procedure for local governmental agencies to file claims for reimbursement of these costs with the Commission on State Mandates. These procedures require that a claim for reimbursement include, among other things, a written

narrative that identifies the specific sections of statutes or executive orders alleged to contain a mandate.

This bill would require that a test claim also identify the effective date and register number of regulations alleged to contain a mandate, as well as a legislatively determined mandate on the same statute or executive order. It would also require that the written narrative contain specified declarations with respect to legislatively determined mandates, if applicable.

(2) The procedures established by existing law also require the commission to hear and decide upon each claim for reimbursement and then determine the amount to be subvended for reimbursement and adopt parameters and guidelines for payment of claims. Existing law requires the commission to consult with the Department of Finance, among other state officials, when adopting parameters and guidelines for reimbursement.

This bill would provide that, notwithstanding these provisions, the department and a local agency, school district, or statewide association may jointly request that the Legislature determine if a particular statute or executive order imposes a mandate for which reimbursement is required by the California Constitution. It would require that a joint request submitted to the Legislature identify the statute or executive order, a reasonable reimbursement methodology, a list of eligible claimants, an estimate of statewide costs for the initial claiming period, an annual dollar amount necessary for reimbursement, and documentation of significant support among local agencies or school districts for the methodology. It would provide that, if the Legislature accepts the joint request and determines that the statute or executive order, or portion thereof, imposes a mandate for which reimbursement is required, it shall declare by statute that the requirements of the statute or executive order, or portion thereof, are a legislatively determined mandate, and specify the term and period of reimbursement and methodology for reimbursing eligible local agencies or school districts subject to ~~specified~~ *specified* criteria, or, with respect to local government agencies subject to specified provisions of the California Constitution applicable to the reimbursement of mandates, appropriate funds sufficient for reimbursement in the Budget Act or suspend the mandate.

The bill also would provide that, when it accepts reimbursement for a legislatively determined mandate, a local agency or school district agrees that payment as agreed to pursuant to the statute adopted by the Legislature constitutes full reimbursement of its costs for that mandate

for the applicable period of reimbursement, that the reasonable reimbursement methodology is appropriate for reimbursement payments on that mandate for 5 fiscal years or as otherwise specified in the statute, and that the local government shall withdraw any test claim pending before the commission regarding this mandate, any unpaid reimbursement claims previously filed by the local agency or school district with the Controller on the same mandate for the same period shall be deemed withdrawn, and a test claim on the same statute or executive order as a legislatively determined mandate will not be filed with the commission except as specified.

The bill also would specify procedures for the commission in connection with a test claim based on the same statute or executive order as a legislatively determined mandate and make other conforming changes.

(3) The procedures established by existing law require the commission to submit adopted parameters and guidelines to the Controller for payment of reimbursement claims.

This bill would authorize the commission to instead adopt and submit to the Controller a reasonable reimbursement methodology proposed by a test claimant and the department and would require the Controller to issue claiming instructions pursuant to that methodology, as specified.

~~(4) This bill would incorporate additional changes in Section 17551 of the Government Code proposed by AB 1170, that would become operative only if AB 1170 and this bill are both chaptered and become effective on or before January 1, 2008, and this bill is chaptered last.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17518.5 of the Government Code is
- 2 amended to read:
- 3 17518.5. (a) “Reasonable reimbursement methodology” means
- 4 a formula for reimbursing local agencies and school districts for
- 5 costs mandated by the state, as defined in Section 17514.
- 6 (b) A reasonable reimbursement methodology shall be based
- 7 on cost information from a representative sample of eligible
- 8 claimants, information provided by associations of local agencies
- 9 and school districts, or other projections of local costs.

1 (c) A reasonable reimbursement methodology shall consider  
2 the variation in costs among local agencies and school districts to  
3 implement the mandate in a cost-efficient manner.

4 (d) Whenever possible, a reasonable reimbursement  
5 methodology shall be based on general allocation formulas,  
6 uniform cost allowances, and other approximations of local costs  
7 mandated by the state, rather than detailed documentation of actual  
8 local costs. In cases when local agencies and school districts are  
9 projected to incur costs to implement a mandate over a period of  
10 more than one fiscal year, the determination of a reasonable  
11 reimbursement methodology may consider local costs and state  
12 reimbursements over a period of greater than one fiscal year, but  
13 not exceeding 10 years.

14 (e) A reasonable reimbursement methodology may be developed  
15 by any of the following:

- 16 (1) The Department of Finance.
- 17 (2) The Controller.
- 18 (3) An affected state agency.
- 19 (4) A claimant.
- 20 (5) An interested party.

21 SEC. 1.5. Section 17521 of the Government Code is amended  
22 to read:

23 17521. “Test claim” means the first claim filed with the  
24 commission alleging that a particular statute or executive order  
25 imposes costs mandated by the state, and includes a claim filed  
26 pursuant to Section 17574.

27 SEC. 2. Section 17521.5 is added to the Government Code, to  
28 read:

29 17521.5. “Legislatively determined mandate” means the  
30 provisions of a statute or executive order that the Legislature,  
31 pursuant to Article 1.5, has declared by statute to be a mandate for  
32 which reimbursement is required by Section 6 of Article XIII B of  
33 the California Constitution.

34 SEC. 3. Section 17551 of the Government Code is amended  
35 to read:

36 17551. (a) The commission, pursuant to the provisions of this  
37 chapter, shall hear and decide upon a claim by a local agency or  
38 school district that the local agency or school district is entitled to  
39 be reimbursed by the state for costs mandated by the state as

1 required by Section 6 of Article XIII B of the California  
2 Constitution.

3 (b) Except as provided in Sections 17573 and 17574,  
4 commission review of claims may be had pursuant to subdivision  
5 (a) only if the test claim is filed within the time limits specified in  
6 this section.

7 (c) Local agency and school district test claims shall be filed  
8 not later than 12 months following the effective date of a statute  
9 or executive order, or within 12 months of incurring increased  
10 costs as a result of a statute or executive order, whichever is later.

11 (d) The commission, pursuant to the provisions of this chapter,  
12 shall hear and decide upon a claim by a local agency or school  
13 district filed on or after January 1, 1985, that the Controller has  
14 incorrectly reduced payments to the local agency or school district  
15 pursuant to paragraph (2) of subdivision (d) of Section 17561.

16 ~~SEC. 3.5. Section 17551 of the Government Code is amended~~  
17 ~~to read:~~

18 ~~17551. (a) The commission, pursuant to the provisions of this~~  
19 ~~chapter, shall hear and decide upon a claim by a local agency or~~  
20 ~~school district that the local agency or school district is entitled to~~  
21 ~~be reimbursed by the state for costs mandated by the state as~~  
22 ~~required by Section 6 of Article XIII B of the California~~  
23 ~~Constitution.~~

24 ~~(b) Except as provided in Sections 17573 and 17574,~~  
25 ~~commission review of claims may be had pursuant to subdivision~~  
26 ~~(a) only if the test claim is filed within the time limits specified in~~  
27 ~~this section.~~

28 ~~(c) Local agency and school district test claims shall be filed~~  
29 ~~no later than 12 months following the effective date of a statute~~  
30 ~~or executive order, or within 12 months of incurring increased~~  
31 ~~costs as a result of a statute or executive order, whichever is later.~~

32 ~~(d) The commission shall issue a decision upon a local agency~~  
33 ~~or school district test claim no later than 36 months after the date~~  
34 ~~the claim is filed. This subdivision shall apply only to a test claim~~  
35 ~~that is filed on or after January 1, 2009, and no later than December~~  
36 ~~31, 2013. In each report to the Legislature made pursuant to Section~~  
37 ~~17600, the commission shall list each test claim for which it did~~  
38 ~~not issue a decision within 36 months as required by this~~  
39 ~~subdivision and, for each claim, shall explain why the 36-month~~  
40 ~~deadline was not met.~~

1     ~~(e) The commission, pursuant to the provisions of this chapter,~~  
 2 ~~shall hear and decide upon a claim by a local agency or school~~  
 3 ~~district filed on or after January 1, 1985, that the Controller has~~  
 4 ~~incorrectly reduced payments to the local agency or school district~~  
 5 ~~pursuant to paragraph (2) of subdivision (d) of Section 17561.~~

6     SEC. 4. Section 17553 of the Government Code is amended  
 7 to read:

8     17553. (a) The commission shall adopt procedures for  
 9 receiving claims filed pursuant to this article and Section 17574  
 10 and for providing a hearing on those claims. The procedures shall  
 11 do all of the following:

12     (1) Provide for presentation of evidence by the claimant, the  
 13 Department of Finance, and any other affected department or  
 14 agency, and any other interested person.

15     (2) Ensure that a statewide cost estimate is adopted within 12  
 16 months after receipt of a test claim, when a determination is made  
 17 by the commission that a mandate exists. This deadline may be  
 18 extended for up to six months upon the request of either the  
 19 claimant or the commission.

20     (3) Permit the hearing of a claim to be postponed at the request  
 21 of the claimant, without prejudice, until the next scheduled hearing.

22     (b) All test claims shall be filed on a form prescribed by the  
 23 commission and shall contain at least the following elements and  
 24 documents:

25     (1) A written narrative that identifies the specific sections of  
 26 statutes or executive orders and the effective date and register  
 27 number of regulations alleged to contain a mandate and shall  
 28 include all of the following:

29     (A) A detailed description of the new activities and costs that  
 30 arise from the mandate.

31     (B) A detailed description of existing activities and costs that  
 32 are modified by the mandate.

33     (C) The actual increased costs incurred by the claimant during  
 34 the fiscal year for which the claim was filed to implement the  
 35 alleged mandate.

36     (D) The actual or estimated annual costs that will be incurred  
 37 by the claimant to implement the alleged mandate during the fiscal  
 38 year immediately following the fiscal year for which the claim  
 39 was filed.

1 (E) A statewide cost estimate of increased costs that all local  
2 agencies or school districts will incur to implement the alleged  
3 mandate during the fiscal year immediately following the fiscal  
4 year for which the claim was filed.

5 (F) Identification of all of the following:

- 6 (i) Dedicated state funds appropriated for this program.
- 7 (ii) Dedicated federal funds appropriated for this program.
- 8 (iii) Other nonlocal agency funds dedicated for this program.
- 9 (iv) The local agency's general purpose funds for this program.
- 10 (v) Fee authority to offset the costs of this program.

11 (G) Identification of prior mandate determinations made by the  
12 Commission on State Mandates or a predecessor agency that may  
13 be related to the alleged mandate.

14 (H) Identification of a legislatively determined mandate pursuant  
15 to Section 17573 that is ~~related to~~ on the same statute or executive  
16 order.

17 (2) The written narrative shall be supported with declarations  
18 under penalty of perjury, based on the declarant's personal  
19 knowledge, information, or belief, and signed by persons who are  
20 authorized and competent to do so, as follows:

21 (A) Declarations of actual or estimated increased costs that will  
22 be incurred by the claimant to implement the alleged mandate.

23 (B) Declarations identifying all local, state, or federal funds, or  
24 fee authority that may be used to offset the increased costs that  
25 will be incurred by the claimant to implement the alleged mandate,  
26 including direct and indirect costs.

27 (C) Declarations describing new activities performed to  
28 implement specified provisions of the new statute or executive  
29 order alleged to impose a reimbursable state-mandated program.  
30 Specific references shall be made to chapters, articles, sections,  
31 or page numbers alleged to impose a reimbursable state-mandated  
32 program.

33 (D) If applicable, declarations describing the period of  
34 reimbursement and payments received for full reimbursement of  
35 costs for a legislatively determined mandate pursuant to Section  
36 17573, and the authority to file a test claim pursuant to paragraph  
37 (1) of subdivision (c) of Section 17574.

38 (3) (A) The written narrative shall be supported with copies of  
39 all of the following:

1 (i) The test claim statute that includes the bill number or  
2 executive order, alleged to impose or impact a mandate.

3 (ii) Relevant portions of state constitutional provisions, federal  
4 statutes, and executive orders that may impact the alleged mandate.

5 (iii) Administrative decisions and court decisions cited in the  
6 narrative.

7 (B) State mandate determinations made by the Commission on  
8 State Mandates or a predecessor agency and published court  
9 decisions on state mandate determinations made by the  
10 Commission on State Mandates are exempt from this requirement.

11 (4) A test claim shall be signed at the end of the document,  
12 under penalty of perjury by the claimant or its authorized  
13 representative, with the declaration that the test claim is true and  
14 complete to the best of the declarant’s personal knowledge,  
15 information, or belief. The date of signing, the declarant’s title,  
16 address, telephone number, facsimile machine telephone number,  
17 and electronic mail address shall be included.

18 (c) If a completed test claim is not received by the commission  
19 within 30 calendar days from the date that an incomplete test claim  
20 was returned by the commission, the original test claim filing date  
21 may be disallowed, and a new test claim may be accepted on the  
22 same statute or executive order.

23 (d) In addition, the commission shall determine whether an  
24 incorrect reduction claim is complete within 10 days after the date  
25 that the incorrect reduction claim is filed. If the commission  
26 determines that an incorrect reduction claim is not complete, the  
27 commission shall notify the local agency and school district that  
28 filed the claim stating the reasons that the claim is not complete.  
29 The local agency or school district shall have 30 days to complete  
30 the claim. The commission shall serve a copy of the complete  
31 incorrect reduction claim on the Controller. The Controller shall  
32 have no more than 90 days after the date the claim is delivered or  
33 mailed to file any rebuttal to an incorrect reduction claim. The  
34 failure of the Controller to file a rebuttal to an incorrect reduction  
35 claim shall not serve to delay the consideration of the claim by the  
36 commission.

37 SEC. 5. Section 17557.1 is added to the Government Code, to  
38 read:

39 17557.1. (a) Notwithstanding any other provision of this part,  
40 within 30 days of the commission’s adoption of a statement of

1 decision on a test claim, the test claimant and the Department of  
2 Finance may notify the executive director of the commission in  
3 writing of their intent to follow the process described in this section  
4 to develop a reasonable reimbursement methodology and statewide  
5 estimate of costs for the initial claiming period and budget year  
6 for reimbursement of costs mandated by the state in accordance  
7 with the statement of decision. The letter of intent shall include  
8 the date on which the test claimant and the Department of Finance  
9 will submit a plan to ensure that costs from a representative sample  
10 of eligible local agency or school district claimants are considered  
11 in the development of a reasonable reimbursement methodology.

12 (b) This plan shall also include all of the following information:

13 (1) The date on which the test claimant and Department of  
14 Finance will provide to the executive director an informational  
15 update regarding their progress in developing the reasonable  
16 reimbursement methodology.

17 (2) The date on which the test claimant and Department of  
18 Finance will submit to the executive director the draft reasonable  
19 reimbursement methodology and proposed statewide estimate of  
20 costs for the initial claiming period and budget year. This date  
21 shall be no later than 180 days after the date the letter of intent is  
22 sent by the test claimant and Department of Finance to the  
23 executive director.

24 (c) At the request of the test claimant and Department of  
25 Finance, the executive director may provide for up to four  
26 extensions of this 180-day period.

27 (d) The test claimant or Department of Finance may notify the  
28 executive director at any time that the claimant or Department of  
29 Finance no longer intends to develop a reasonable reimbursement  
30 methodology pursuant to this section. In this case, paragraph (2)  
31 of subdivision (a) of Section 17553 and Section 17557 shall apply  
32 to the test claim. Upon receipt of this notification, the executive  
33 director shall notify the test claimant of the duty to submit proposed  
34 parameters and guidelines within 30 days under subdivision (a) of  
35 Section 17557.

36 SEC. 6. Section 17557.2 is added to the Government Code, to  
37 read:

38 17557.2. (a) A reasonable reimbursement methodology  
39 developed pursuant to Section 17557.1, *or a joint request for early*  
40 *termination of a reasonable reimbursement methodology* shall

1 have broad support from a wide range of local agencies or school  
2 districts. The test claimant and Department of Finance may  
3 demonstrate broad support from a wide range of local agencies or  
4 school districts in different ways, including, but not limited to,  
5 obtaining endorsement by one or more statewide associations of  
6 local agencies or school districts and securing letters of approval  
7 from local agencies or school districts.

8 (b) No later than 60 days before a commission hearing, the test  
9 claimant and Department of Finance shall submit to the  
10 commission a joint proposal that shall include all of the following:

11 (1) The draft reasonable reimbursement methodology.

12 (2) The proposed statewide estimate of costs for the initial  
13 claiming period and budget year.

14 (3) A description of the steps the test claimant and the  
15 Department of Finance undertook to determine the level of support  
16 by local agencies or school districts for the draft reasonable  
17 reimbursement methodology.

18 (4) An agreement that the reasonable reimbursement  
19 methodology developed and approved under this section shall be  
20 in effect for a period of five years unless a different term is  
21 approved by the commission, or upon submission to the  
22 commission of a letter indicating the Department of Finance and  
23 test claimant's joint interest in early termination of the reasonable  
24 reimbursement methodology.

25 (5) An agreement that, at the conclusion of the period established  
26 in paragraph (4), the Department of Finance and the test claimant  
27 will consider jointly whether amendments to the methodology are  
28 necessary.

29 (c) The commission shall approve the draft reasonable  
30 reimbursement methodology if review of the information submitted  
31 pursuant to Section 17557.1 and subdivision (b) of this section  
32 demonstrates that the draft reasonable reimbursement methodology  
33 and statewide estimate of costs for the initial claiming period and  
34 budget year have been developed in accordance with Section  
35 17557.1 and meet the requirements of subdivision (a). The  
36 commission thereafter shall adopt the proposed statewide estimate  
37 of costs for the initial claiming period and budget year. Statewide  
38 cost estimates adopted under this section shall be included in the  
39 report to the Legislature required under Section 17600 and shall  
40 be reported by the commission to the appropriate Senate and

1 Assembly policy and fiscal committees, the Legislative Analyst,  
2 and the Department of Finance not later than 30 days after  
3 adoption.

4 (d) Unless amendments are proposed pursuant to this  
5 subdivision, the reasonable reimbursement methodology approved  
6 by the commission pursuant to this section shall expire after either  
7 five years, any other term approved by the commission, or upon  
8 submission to the commission of a letter indicating the Department  
9 of Finance's and test claimant's joint interest in early termination  
10 of the reasonable reimbursement methodology. ~~The commission  
11 shall notify the Department of Finance and the test claimant that  
12 they may do all of the following:~~

13 (e) *The commission shall approve a joint request for early  
14 termination of a reasonable reimbursement methodology if the  
15 request meets the requirements of subdivision (a). If the commission  
16 approves a joint request for early termination, the commission  
17 shall notify the test claimant of the duty to submit proposed  
18 parameters and guidelines to the commission pursuant to  
19 subdivision (a) of Section 17557.*

20 (f) *At least one year before the expiration of a reasonable  
21 reimbursement methodology, the commission shall notify the  
22 Department of Finance and the test claimant that they may do one  
23 of the following:*

24 (1) Jointly propose amendments to the reasonable reimbursement  
25 methodology by submitting the information described in paragraphs  
26 (1), (3), and (4) of subdivision (b), and providing an estimate of  
27 the mandate's annual cost for the subsequent budget year.

28 (2) Jointly propose that the reasonable reimbursement  
29 methodology remain in effect.

30 (3) ~~Notify~~ *Allow the reasonable reimbursement methodology  
31 to expire and notify the commission that the test claimant will  
32 submit proposed parameters and guidelines to the commission  
33 pursuant to subdivision (a) of Section 17557 to replace the  
34 reasonable reimbursement methodology.*

35 (e)

36 (g) The commission shall either approve the continuation of the  
37 reasonable reimbursement methodology or approve the jointly  
38 proposed amendments to the reasonable reimbursement  
39 methodology if the information submitted in accordance with  
40 paragraph (1) of subdivision (d) demonstrates that the proposed

1 amendments were developed in accordance with Section 17557.1  
2 *and meet the requirements of subdivision (a) of this section.*

3 SEC. 7. Section 17558 of the Government Code is amended  
4 to read:

5 17558. (a) The commission shall submit the adopted  
6 parameters and guidelines or a reasonable reimbursement  
7 methodology approved pursuant to Section 17557.2 to the  
8 Controller. As used in this chapter, a “reasonable reimbursement  
9 methodology” approved pursuant to Section 17557.2 includes all  
10 amendments to the reasonable reimbursement methodology. When  
11 the Legislature declares a legislatively determined mandate in  
12 accordance with Section 17573 in which claiming instructions are  
13 necessary, the Department of Finance shall notify the Controller.

14 (b) Not later than 60 days after receiving the adopted parameters  
15 and guidelines, a reasonable reimbursement methodology from  
16 the commission, or notification from the Department of Finance,  
17 the Controller shall issue claiming instructions for each mandate  
18 that requires state reimbursement, to assist local agencies and  
19 school districts in claiming costs to be reimbursed. In preparing  
20 claiming instructions, the Controller shall request assistance from  
21 the Department of Finance and may request the assistance of other  
22 state agencies. The claiming instructions shall be derived from the  
23 test claim decision and the adopted parameters and guidelines,  
24 reasonable reimbursement methodology, or statute declaring a  
25 legislatively determined mandate.

26 (c) The Controller shall, within 60 days after receiving amended  
27 parameters and guidelines, an amended reasonable reimbursement  
28 methodology from the commission or other information  
29 necessitating a revision of the claiming instructions, prepare and  
30 issue revised claiming instructions for mandates that require state  
31 reimbursement that have been established by commission action  
32 pursuant to Section 17557, Section 17557.2, or after any decision  
33 or order of the commission pursuant to Section 17559, or after any  
34 action by the Legislature pursuant to Section 17573. In preparing  
35 revised claiming instructions, the Controller may request the  
36 assistance of other state agencies.

37 ~~SEC. 8. Section 17561 of the Government Code is amended~~  
38 ~~to read:~~

39 ~~17561. (a) The state shall reimburse each local agency and~~  
40 ~~school district for all “costs mandated by the state,” as defined in~~

1 ~~Section 17514 and for legislatively determined mandates in~~  
2 ~~accordance with Section 17573.~~

3 ~~(b) (1) For the initial fiscal year during which these costs are~~  
4 ~~incurred, reimbursement funds shall be provided as follows:~~

5 ~~(A) Any statute mandating these costs shall provide an~~  
6 ~~appropriation therefor.~~

7 ~~(B) Any executive order mandating these costs shall be~~  
8 ~~accompanied by a bill appropriating the funds therefor, or~~  
9 ~~alternatively, an appropriation for these costs shall be included in~~  
10 ~~the Budget Bill for the next succeeding fiscal year. The executive~~  
11 ~~order shall cite that item of appropriation in the Budget Bill or that~~  
12 ~~appropriation in any other bill that is intended to serve as the source~~  
13 ~~from which the Controller may pay the claims of local agencies~~  
14 ~~and school districts.~~

15 ~~(2) In subsequent fiscal years appropriations for these costs shall~~  
16 ~~be included in the annual Governor's Budget and in the~~  
17 ~~accompanying Budget Bill. In addition, appropriations to reimburse~~  
18 ~~local agencies and school districts for continuing costs resulting~~  
19 ~~from chaptered bills or executive orders for which claims have~~  
20 ~~been awarded pursuant to subdivision (a) of Section 17551 shall~~  
21 ~~be included in the annual Governor's Budget and in the~~  
22 ~~accompanying Budget Bill.~~

23 ~~(c) The amount appropriated to reimburse local agencies and~~  
24 ~~school districts for costs mandated by the state shall be appropriated~~  
25 ~~to the Controller for disbursement.~~

26 ~~(d) The Controller shall pay any eligible claim pursuant to this~~  
27 ~~section by August 15 or 45 days after the date the appropriation~~  
28 ~~for the claim is effective, whichever is later. The Controller shall~~  
29 ~~disburse reimbursement funds to local agencies or school districts~~  
30 ~~if the costs of these mandates are not payable to state agencies, or~~  
31 ~~to state agencies that would otherwise collect the costs of these~~  
32 ~~mandates from local agencies or school districts in the form of~~  
33 ~~fees, premiums, or payments. When disbursing reimbursement~~  
34 ~~funds to local agencies or school districts, the Controller shall~~  
35 ~~disburse them as follows:~~

36 ~~(1) For initial reimbursement claims, the Controller shall issue~~  
37 ~~claiming instructions to the relevant local agencies and school~~  
38 ~~districts pursuant to Section 17558. Issuance of the claiming~~  
39 ~~instructions shall constitute a notice of the right of the local~~  
40 ~~agencies and school districts to file reimbursement claims, based~~

1 upon parameters and guidelines adopted by the commission, the  
2 reasonable reimbursement methodology approved by the  
3 commission pursuant to Section 17557.2, or statutory declaration  
4 of legislatively determined mandate and reimbursement  
5 methodology pursuant to Section 17573.

6 (A) When claiming instructions are issued by the Controller  
7 pursuant to Section 17558 for each mandate determined pursuant  
8 to Section 17551 or 17573 that requires state reimbursement, each  
9 local agency or school district to which the mandate is applicable  
10 shall submit claims for initial fiscal year costs to the Controller  
11 within 120 days of the issuance date for the claiming instructions.

12 (B) When the commission is requested to review the claiming  
13 instructions pursuant to Section 17571, each local agency or school  
14 district to which the mandate is applicable shall submit a claim for  
15 reimbursement within 120 days after the commission reviews the  
16 claiming instructions for reimbursement issued by the Controller.

17 (C) If the local agency or school district does not submit a claim  
18 for reimbursement within the 120-day period, or submits a claim  
19 pursuant to revised claiming instructions, it may submit its claim  
20 for reimbursement as specified in Section 17560. The Controller  
21 shall pay these claims from the funds appropriated therefor,  
22 provided that the Controller (i) may audit the records of any local  
23 agency or school district to verify the actual amount of the  
24 mandated costs, the application of a reasonable reimbursement  
25 methodology, or application of a legislatively enacted  
26 reimbursement methodology under Section 17573, and (ii) may  
27 reduce any claim that the Controller determines is excessive or  
28 unreasonable.

29 (2) In subsequent fiscal years each local agency or school district  
30 shall submit its claims as specified in Section 17560. The  
31 Controller shall pay these claims from funds appropriated therefor,  
32 provided that the Controller (A) may audit (i) the records of any  
33 local agency or school district to verify the actual amount of the  
34 mandated costs, (ii) the application of a reasonable reimbursement  
35 methodology, or (iii) application of a legislatively enacted  
36 reimbursement methodology under Section 17573, (B) may reduce  
37 any claim that the Controller determines is excessive or  
38 unreasonable, and (C) shall adjust the payment to correct for any  
39 underpayments or overpayments that occurred in previous fiscal  
40 years.

1 ~~(3) When paying a timely filed claim for initial reimbursement,~~  
2 ~~the Controller shall withhold 20 percent of the amount of the claim~~  
3 ~~until the claim is audited to verify the actual amount of the~~  
4 ~~mandated costs. All initial reimbursement claims for all fiscal years~~  
5 ~~required to be filed on their initial filing date for a state-mandated~~  
6 ~~local program shall be considered as one claim for the purpose of~~  
7 ~~computing any late claim penalty. Any claim for initial~~  
8 ~~reimbursement filed after the filing deadline shall be reduced by~~  
9 ~~10 percent of the amount that would have been allowed had the~~  
10 ~~claim been timely filed. The Controller may withhold payment of~~  
11 ~~any late claim for initial reimbursement until the next deadline for~~  
12 ~~funded claims unless sufficient funds are available to pay the claim~~  
13 ~~after all timely filed claims have been paid. In no case may a~~  
14 ~~reimbursement claim be paid if submitted more than one year after~~  
15 ~~the filing deadline specified in the Controller's claiming~~  
16 ~~instructions on funded mandates.~~

17 ~~(e) (1) Except as specified in paragraph (2), for the purposes~~  
18 ~~of determining the state's payment obligation under paragraph (1)~~  
19 ~~of subdivision (b) of Section 6 of Article XIII B of the Constitution,~~  
20 ~~a mandate that is "determined in a preceding fiscal year to be~~  
21 ~~payable by the state" means any mandate for which the commission~~  
22 ~~adopted a statewide cost estimate pursuant to this part during a~~  
23 ~~previous fiscal year or that were identified as mandates by a~~  
24 ~~predecessor agency to the commission, or that the Legislature~~  
25 ~~declared by statute to be a legislatively determined mandate, unless~~  
26 ~~the mandate has been repealed or otherwise eliminated.~~

27 ~~(2) If the commission adopts a statewide cost estimate for a~~  
28 ~~mandate during the months of April, May, or June, the state's~~  
29 ~~payment obligation under subdivision (b) of Section 6 of Article~~  
30 ~~XIII B shall commence one year after the time specified in~~  
31 ~~paragraph (1).~~

32 *SEC. 8. Section 17561 of the Government Code, as amended*  
33 *by Chapter 179 of the Statutes of 2007, is amended to read:*

34 17561. (a) The state shall reimburse each local agency and  
35 school district for all "costs mandated by the state," as defined in  
36 Section 17514 and for legislatively determined mandates in  
37 accordance with Section 17573.

38 (b) (1) For the initial fiscal year during which these costs are  
39 incurred, reimbursement funds shall be provided as follows:

1 (A) Any statute mandating these costs shall provide an  
2 appropriation therefor.

3 (B) Any executive order mandating these costs shall be  
4 accompanied by a bill appropriating the funds therefor, or  
5 alternatively, an appropriation for these costs shall be included in  
6 the Budget Bill for the next succeeding fiscal year. The executive  
7 order shall cite that item of appropriation in the Budget Bill or that  
8 appropriation in any other bill ~~which~~ *that* is intended to serve as  
9 the source from which the Controller may pay the claims of local  
10 agencies and school districts.

11 (2) In subsequent fiscal years appropriations for these costs shall  
12 be included in the annual Governor's Budget and in the  
13 accompanying Budget Bill. In addition, appropriations to reimburse  
14 local agencies and school districts for continuing costs resulting  
15 from chaptered bills or executive orders for which claims have  
16 been awarded pursuant to subdivision (a) of Section 17551 shall  
17 be included in the annual Governor's Budget and in the  
18 accompanying Budget Bill.

19 (c) The amount appropriated to reimburse local agencies and  
20 school districts for costs mandated by the state shall be appropriated  
21 to the Controller for disbursement.

22 (d) The Controller shall pay any eligible claim pursuant to this  
23 section by August 15 or ~~15~~ 45 days after the date the appropriation  
24 for the claim is effective, whichever is later. The Controller shall  
25 disburse reimbursement funds to local agencies or school districts  
26 if the costs of these mandates are not payable to state agencies, or  
27 to state agencies that would otherwise collect the costs of these  
28 mandates from local agencies or school districts in the form of  
29 fees, premiums, or payments. When disbursing reimbursement  
30 funds to local agencies or school districts, the Controller shall  
31 disburse them as follows:

32 (1) For initial reimbursement claims, the Controller shall issue  
33 claiming instructions to the relevant local agencies and school  
34 districts pursuant to Section 17558. Issuance of the claiming  
35 instructions shall constitute a notice of the right of the local  
36 agencies and school districts to file reimbursement claims, based  
37 upon parameters and guidelines adopted by the commission, *the*  
38 *reasonable reimbursement methodology approved by the*  
39 *commission pursuant to Section 17557.2, or statutory declaration*

1 *of a legislatively determined mandate and reimbursement*  
2 *methodology pursuant to Section 17573.*

3 (A) When claiming instructions are issued by the Controller  
4 pursuant to Section 17558 for each mandate determined pursuant  
5 to Section 17551 *or 17573* that requires state reimbursement, each  
6 local agency or school district to which the mandate is applicable  
7 shall submit claims for initial fiscal year costs to the Controller  
8 within 120 days of the issuance date for the claiming instructions.

9 (B) When the commission is requested to review the claiming  
10 instructions pursuant to Section 17571, each local agency or school  
11 district to which the mandate is applicable shall submit a claim for  
12 reimbursement within 120 days after the commission reviews the  
13 claiming instructions for reimbursement issued by the Controller.

14 (C) If the local agency or school district does not submit a claim  
15 for reimbursement within the 120-day period, or submits a claim  
16 pursuant to revised claiming instructions, it may submit its claim  
17 for reimbursement as specified in Section 17560. The Controller  
18 shall pay these claims from the funds appropriated therefor,  
19 provided that the Controller (i) may audit the records of any local  
20 agency or school district to verify the actual amount of the  
21 mandated costs, *the application of a reasonable reimbursement*  
22 *methodology, or application of a legislatively enacted*  
23 *reimbursement methodology under Section 17573*, and (ii) may  
24 reduce any claim that the Controller determines is excessive or  
25 unreasonable.

26 (2) In subsequent fiscal years each local agency or school district  
27 shall submit its claims as specified in Section 17560. The  
28 Controller shall pay these claims from funds appropriated therefor,  
29 provided that the Controller (A) may audit (i) the records of any  
30 local agency or school district to verify the actual amount of the  
31 mandated costs, (ii) *the application of a reasonable reimbursement*  
32 *methodology, or (iii) application of a legislatively enacted*  
33 *reimbursement methodology under Section 17573*, (B) may reduce  
34 any claim that the Controller determines is excessive or  
35 unreasonable, and (C) shall adjust the payment to correct for any  
36 underpayments or overpayments ~~which~~ *that* occurred in previous  
37 fiscal years.

38 (3) When paying a timely filed claim for initial reimbursement,  
39 the Controller shall withhold 20 percent of the amount of the claim  
40 until the claim is audited to verify the actual amount of the

1 mandated costs. All initial reimbursement claims for all fiscal years  
2 required to be filed on their initial filing date for a state-mandated  
3 local program shall be considered as one claim for the purpose of  
4 computing any late claim penalty. Any claim for initial  
5 reimbursement filed after the filing deadline shall be reduced by  
6 10 percent of the amount that would have been allowed had the  
7 claim been timely filed. The Controller may withhold payment of  
8 any late claim for initial reimbursement until the next deadline for  
9 funded claims unless sufficient funds are available to pay the claim  
10 after all timely filed claims have been paid. In no case may a  
11 reimbursement claim be paid if submitted more than one year after  
12 the filing deadline specified in the Controller's claiming  
13 instructions on funded mandates.

14 (e) (1) Except as specified in paragraph (2), for the purposes  
15 of determining the state's payment obligation under paragraph (1)  
16 of subdivision (b) of Section 6 of Article XIII B of the Constitution,  
17 a mandate that is "determined in a preceding fiscal year to be  
18 payable by the state" means ~~all mandates~~ *any mandate* for which  
19 the commission adopted a statewide cost estimate pursuant to this  
20 part during a previous fiscal year or that were identified as  
21 mandates by a predecessor agency to the commission, *or that the*  
22 *Legislature declared by statute to be a legislatively determined*  
23 *mandate*, unless the mandate has been repealed or otherwise  
24 eliminated.

25 (2) If the commission adopts a statewide cost estimate for a  
26 mandate during the months of April, May, or June, the state's  
27 payment obligation under subdivision (b) of Section 6 of Article  
28 XIII B shall commence one year after the time specified in  
29 paragraph (1).

30 SEC. 9. Section 17564 of the Government Code is amended  
31 to read:

32 17564. (a) No claim shall be made pursuant to Sections 17551,  
33 17561, or 17573, nor shall any payment be made on claims  
34 submitted pursuant to Sections 17551 or 17561, or pursuant to a  
35 legislative determination under Section 17573, unless these claims  
36 exceed one thousand dollars (\$1,000). However, a county  
37 superintendent of schools or county may submit a combined claim  
38 on behalf of school districts, direct service districts, or special  
39 districts within their county if the combined claim exceeds one  
40 thousand dollars (\$1,000) even if the individual school district's,

1 direct service district's, or special district's claims do not each  
2 exceed one thousand dollars (\$1,000). The county superintendent  
3 of schools or the county shall determine if the submission of the  
4 combined claim is economically feasible and shall be responsible  
5 for disbursing the funds to each school, direct service, or special  
6 district. These combined claims may be filed only when the county  
7 superintendent of schools or the county is the fiscal agent for the  
8 districts. All subsequent claims based upon the same mandate shall  
9 only be filed in the combined form unless a school district, direct  
10 service district, or special district provides to the county  
11 superintendent of schools or county and to the Controller, at least  
12 180 days prior to the deadline for filing the claim, a written notice  
13 of its intent to file a separate claim.

14 (b) Claims for direct and indirect costs filed pursuant to Section  
15 17561 shall be filed in the manner prescribed in the parameters  
16 and guidelines or reasonable reimbursement methodology and  
17 claiming instructions.

18 (c) Claims for direct and indirect costs filed pursuant to a  
19 legislatively determined mandate pursuant to Section 17573 shall  
20 be filed and paid in the manner prescribed in the Budget Act or  
21 other bill, or claiming instructions, if applicable.

22 SEC. 10. Section 17572 of the Government Code is repealed.

23 SEC. 11. Article 1.5 (commencing with Section 17572) is  
24 added to Chapter 4 of Part 7 of Division 4 of Title 2 of the  
25 Government Code, to read:

26

27 Article 1.5. Legislatively Determined Mandate Procedure

28

29 17572. The Legislature finds and declares all of the following:

30 (a) Early settlement of mandate claims will allow the  
31 commission to focus its efforts on rendering sound quasi-judicial  
32 decisions regarding complicated disputes over the existence of  
33 state-mandated local programs.

34 (b) Early settlement of mandate claims will provide timely  
35 information to the Legislature regarding local costs of state  
36 requirements and timely reimbursement to local agencies or school  
37 districts.

38 (c) It is the intent of the Legislature to provide for an orderly  
39 process for settling mandate claims in which the parties are in  
40 substantial agreement. Nothing in this article diminishes the right

1 of a local agency or school district that chooses not to accept  
2 reimbursement pursuant to this article from filing a test claim with  
3 the commission or taking other steps to obtain reimbursement  
4 pursuant to Section 6 of Article XIII B of the California  
5 Constitution.

6 17573. (a) Notwithstanding Section 17551, the Department  
7 of Finance and a local agency, school district, or statewide  
8 association may jointly request of the chairpersons of the  
9 committees in each house of the Legislature that consider  
10 appropriations, and the chairpersons of the committees and  
11 appropriate subcommittees in each house of the Legislature that  
12 consider the State Budget, that the Legislature (1) determine that  
13 a statute or executive order, or portion thereof, mandates a new  
14 program or higher level of service requiring reimbursement of  
15 local governments pursuant to Section 6 of Article XIII B of the  
16 California Constitution, (2) establish a reimbursement  
17 methodology, and (3) appropriate funds for reimbursement of  
18 costs. For purposes of this section, “statewide association” includes  
19 a statewide association representing local agencies or school  
20 districts, as defined in Sections 17518 and 17519.

21 (b) The statute of limitations specified in Section 17551 shall  
22 be tolled from the date a local agency, school district, or statewide  
23 association contacts the Department of Finance or responds to a  
24 Department of Finance request to initiate a joint request for a  
25 legislatively determined mandate pursuant to subdivision (a), to  
26 (1) the date that the Budget Act for the subsequent fiscal year is  
27 adopted if a joint request is submitted pursuant to subdivision (a),  
28 or (2) the date on which the Department of Finance, or a local  
29 agency, school district, or statewide association notifies the other  
30 party of its decision not to submit a joint request. A local agency,  
31 school district, or statewide association, or the Department of  
32 Finance shall provide written notification to the commission of  
33 each of these dates.

34 (c) A joint request made under subdivision (a) shall be in writing  
35 and include all of the following:

36 (1) Identification of those provisions of the statute or executive  
37 order, or portion thereof, that mandate a new program or higher  
38 level of service requiring reimbursement of local agencies or school  
39 districts pursuant to Section 6 of Article XIII B of the California

1 Constitution, a proposed reimbursement methodology, and the  
2 period of reimbursement.

3 (2) A list of eligible claimants and a statewide estimate for the  
4 initial claiming period and annual dollar amount necessary to  
5 reimburse local agencies or school districts to comply with that  
6 statute or executive order that mandates a new program or higher  
7 level of service.

8 (3) Documentation of significant support among local agencies  
9 or school districts for the proposed reimbursement methodology,  
10 including, but not limited to, endorsements by statewide  
11 associations and letters of approval from local agencies or school  
12 districts.

13 (d) A joint request authorized by this section may be submitted  
14 to the Legislature *pursuant to subdivision (a)* at any time after  
15 enactment of a statute or issuance of an executive order, regardless  
16 of whether a test claim on the same statute or executive order is  
17 pending with the commission. If a test claim is pending before the  
18 commission, the period of reimbursement established by that filing  
19 shall apply to a joint request filed pursuant to this section.

20 (e) (1) If the Legislature accepts the joint request and determines  
21 that those provisions of the statute or executive order, or portion  
22 thereof, mandate a new program or higher level of service requiring  
23 reimbursement of local agencies or school districts pursuant to  
24 Section 6 of Article XIII B of the California Constitution, it shall  
25 adopt a statute declaring that the statute or executive order, or  
26 portion thereof, is a legislatively determined mandate and specify  
27 the term and period of reimbursement and methodology for  
28 reimbursing eligible local agencies or school districts. If no term  
29 is specified in the statute, then the term shall be five years,  
30 beginning July 1 of the year in which the statute is enacted.

31 (2) For the purpose of this subdivision, “term” means the number  
32 of years specified in the statute adopted pursuant to this subdivision  
33 for reimbursing eligible local agencies or school districts for a  
34 legislatively determined mandate.

35 ~~(f) For local government agencies~~ *When the Legislature adopts*  
36 *a statute pursuant to paragraph (1) of subdivision (e) on a mandate*  
37 subject to subdivision (b) of Section 6 of Article XIII B of the  
38 California Constitution, the Legislature shall do either of the  
39 following:

1 (1) Appropriate in the Budget Act the full payable amount for  
 2 reimbursement to local agencies that has not been previously paid.  
 3 (2) Suspend the operation of the mandate pursuant to Section  
 4 17581 or repeal the mandate.  
 5 (g) The Department of Finance, or a local agency, school district,  
 6 or statewide association shall notify the commission of actions  
 7 taken pursuant to this section, as specified below:  
 8 (1) Provide the commission with a copy of any communications  
 9 regarding development of a joint request under this section and a  
 10 copy of a joint request when it is submitted to the Legislature.  
 11 (2) Notify the commission of the date of (A) the Legislature’s  
 12 action on a joint request in the Budget Act, or (B) the Department  
 13 of Finance’s decision not to submit a joint request on a specific  
 14 statute or executive order.  
 15 (h) Upon receipt of notice that a joint request has been submitted  
 16 to the Legislature on the same statute or executive order as a  
 17 pending test claim, the commission may stay its proceedings on  
 18 the pending test claim upon the request of any party.  
 19 (i) Upon enactment of a statute declaring a legislatively  
 20 determined mandate, enactment of a reimbursement methodology,  
 21 and appropriation for reimbursement of the full payable amount  
 22 that has not been previously paid in the Budget Act, all of the  
 23 following shall apply:  
 24 (1) The Controller shall prepare claiming instructions pursuant  
 25 to Section 17558, if applicable.  
 26 (2) The commission shall not adopt a statement of decision,  
 27 parameters and guidelines, or statewide cost estimate on the same  
 28 statute or executive order unless a local agency or school district  
 29 that has rejected the amount of reimbursement files a test claim or  
 30 takes over a withdrawn test claim on the same statute or executive  
 31 order.  
 32 (3) A local agency or school district accepting payment for the  
 33 statute or executive order, or portion thereof, that mandates a new  
 34 program or higher level of service pursuant to Section 6 of Article  
 35 XIII B of the California Constitution shall not be required to submit  
 36 parameters and guidelines if it is the successful test claimant  
 37 pursuant to Section 17557.  
 38 17574. (a) A local agency or school district agrees to the  
 39 following terms and conditions when it accepts reimbursement for  
 40 a legislatively determined mandate pursuant to Section 17573:

1 (1) Any unpaid reimbursement claims the local agency or school  
2 district has previously filed with the Controller pursuant to Section  
3 17561 and derived from parameters and guidelines or reasonable  
4 reimbursement methodology shall be deemed withdrawn if they  
5 are on the same statute or executive order of a legislatively  
6 determined mandate and for the same period of reimbursement.

7 (2) The payment of the amount agreed upon pursuant to Section  
8 17573 constitutes full reimbursement of its costs for that mandate  
9 for the applicable period of reimbursement.

10 (3) The methodology upon which the payment is calculated is  
11 an appropriate reimbursement methodology for the term specified  
12 in subdivision (e) of Section 17573.

13 (4) A test claim filed with the commission by a local agency or  
14 school district on the same statute or executive order as a  
15 legislatively determined mandate shall be withdrawn.

16 (5) A test claim on the same statute or executive order as a  
17 legislatively determined mandate will not be filed with the  
18 commission except as provided in subdivision (c).

19 (b) If a local agency or school district rejects reimbursement  
20 for a legislatively determined mandate pursuant to Section 17573,  
21 a local agency or school district may take over a withdrawn test  
22 claim within six months after the date the test claim is withdrawn,  
23 by substitution of parties and compliance with the filing  
24 requirements in subdivision (b) of Section 17553, as specified in  
25 the commission's notice of withdrawal.

26 (c) (1) Notwithstanding Section 17551 and subdivision (b) of  
27 Section 17573, a local agency or school district may file a test  
28 claim on the same statute or executive order as a legislatively  
29 determined mandate if one of the following applies:

30 (A) The Legislature amends the reimbursement methodology  
31 and the local agency or school district rejects reimbursement.

32 (B) The term of the legislatively determined mandate, as defined  
33 in subdivision (e) of Section 17573, has expired.

34 (C) The term of the legislatively determined mandate, as defined  
35 in subdivision (e) of Section 17573, is amended and the local  
36 agency or school district rejects reimbursement under the new  
37 term.

38 (D) The mandate is subject to subdivision (b) of Section 6 of  
39 Article XIII B and the Legislature does both of the following:

1 (i) Fails to appropriate in the Budget Act funds to reimburse  
 2 local agencies for the full payable amount that has not been  
 3 previously paid based on the reimbursement methodology enacted  
 4 by the Legislature.

5 (ii) Does not repeal or suspend the mandate pursuant to Section  
 6 17581.

7 (2) A test claim filed pursuant to the authority granted by this  
 8 subdivision shall be filed within six months of the date an action  
 9 described in subparagraph (A), (B), (C), or (D) of paragraph (1)  
 10 occurs.

11 (d) Notwithstanding any other provision of this section, a local  
 12 agency or school district shall not file a test claim pursuant to this  
 13 section if the statute of limitations specified in subdivision (c) of  
 14 Section 17551 expired before the date a legislatively determined  
 15 mandate was adopted by the Legislature pursuant to Section 17573.

16 (e) Notwithstanding the period of reimbursement specified in  
 17 subdivision (e) of Section 17557, a test claim filed pursuant to this  
 18 section shall establish eligibility for reimbursement beginning with  
 19 the fiscal year of an action described in subparagraph (A), (B),  
 20 (C), or (D) of paragraph (1) of subdivision (c).

21 17574.5. The determination of a legislatively determined  
 22 mandate pursuant to Section 17573 shall not be binding on the  
 23 commission when making its determination pursuant to subdivision  
 24 (a) of Section 17551.

25 SEC. 12. Section 17581 of the Government Code is amended  
 26 to read:

27 17581. (a) No local agency shall be required to implement or  
 28 give effect to any statute or executive order, or portion thereof,  
 29 during any fiscal year and for the period immediately following  
 30 that fiscal year for which the Budget Act has not been enacted for  
 31 the subsequent fiscal year if all of the following apply:

32 (1) The statute or executive order, or portion thereof, has been  
 33 determined by the Legislature, the commission, or any court to  
 34 mandate a new program or higher level of service requiring  
 35 reimbursement of local agencies pursuant to Section 6 of Article  
 36 XIII B of the California Constitution.

37 (2) The statute or executive order, or portion thereof, or the  
 38 commission's test claim number, has been specifically identified  
 39 by the Legislature in the Budget Act for the fiscal year as being  
 40 one for which reimbursement is not provided for that fiscal year.

1 For purposes of this paragraph, a mandate shall be considered to  
2 have been specifically identified by the Legislature only if it has  
3 been included within the schedule of reimbursable mandates shown  
4 in the Budget Act and it is specifically identified in the language  
5 of a provision of the item providing the appropriation for mandate  
6 reimbursements.

7 (b) Within 30 days after enactment of the Budget Act, the  
8 Department of Finance shall notify local agencies of any statute  
9 or executive order, or portion thereof, for which operation of the  
10 mandate is suspended because reimbursement is not provided for  
11 that fiscal year pursuant to this section and Section 6 of Article  
12 XIII B of the California Constitution.

13 (c) Notwithstanding any other provision of law, if a local agency  
14 elects to implement or give effect to a statute or executive order  
15 described in subdivision (a), the local agency may assess fees to  
16 persons or entities which benefit from the statute or executive  
17 order. Any fee assessed pursuant to this subdivision shall not  
18 exceed the costs reasonably borne by the local agency.

19 (d) This section shall not apply to any state-mandated local  
20 program for the trial courts, as specified in Section 77203.

21 (e) This section shall not apply to any state-mandated local  
22 program for which the reimbursement funding counts toward the  
23 minimum General Fund requirements of Section 8 of Article XVI  
24 of the Constitution.

25 ~~SEC. 13. Section 17581.5 of the Government Code is amended~~  
26 ~~to read:~~

27 ~~17581.5. (a) A school district shall not be required to~~  
28 ~~implement or give effect to the statutes, or portions of the statutes,~~  
29 ~~identified in subdivision (c) during any fiscal year and for the~~  
30 ~~period immediately following that fiscal year for which the Budget~~  
31 ~~Act has not been enacted for the subsequent fiscal year if all of~~  
32 ~~the following apply:~~

33 ~~(1) The statute or a portion of the statute has been determined~~  
34 ~~by the Legislature, the commission, or any court to mandate a new~~  
35 ~~program or higher level of service requiring reimbursement of~~  
36 ~~school districts pursuant to Section 6 of Article XIII B of the~~  
37 ~~California Constitution.~~

38 ~~(2) The statute, or portion of the statute, or the test claim number~~  
39 ~~utilized by the commission, specifically has been identified by the~~  
40 ~~Legislature in the Budget Act for the fiscal year as being one for~~

1 which reimbursement is not provided for that fiscal year. For  
2 purposes of this paragraph, a mandate shall be considered  
3 specifically to have been identified by the Legislature only if it  
4 has been included within the schedule of reimbursable mandates  
5 shown in the Budget Act and it specifically is identified in the  
6 language of a provision of the item providing the appropriation  
7 for mandate reimbursements.

8 (b) ~~Within 30 days after enactment of the Budget Act, the~~  
9 ~~Department of Finance shall notify school districts of any statute~~  
10 ~~or executive order, or portion thereof, for which reimbursement~~  
11 ~~is not provided for that fiscal year pursuant to this section.~~

12 (e) ~~This section applies only to the following mandates:~~

13 (1) ~~The School Bus Safety I (CSM-4433) and II (97-TC-22)~~  
14 ~~mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the~~  
15 ~~Statutes of 1994; and Chapter 739 of the Statutes of 1997).~~

16 (2) ~~The School Crimes Reporting II mandate (97-TC-03; and~~  
17 ~~Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes~~  
18 ~~of 1995).~~

19 (3) ~~Investment reports (96-358-02; and Chapter 783 of the~~  
20 ~~Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).~~

21 (4) ~~County treasury oversight committees (96-365-03; and~~  
22 ~~Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes~~  
23 ~~of 1996).~~

24 (5) ~~Grand jury proceedings mandate (98-TC-27; and Chapter~~  
25 ~~1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997,~~  
26 ~~and Chapter 230 of the Statutes of 1998).~~

27 (6) ~~Sexual Harassment Training in the Law Enforcement~~  
28 ~~Workplace (97-TC-07; and Chapter 126 of the Statutes of 1993).~~

29 *SEC. 13. Section 17581.5 of the Government Code, as amended*  
30 *by Chapter 174 of the Statutes of 2007, is amended to read:*

31 17581.5. (a) A school district shall not be required to  
32 implement or give effect to the statutes, or a portion of the statutes,  
33 identified in subdivision (b) (c) during any fiscal year and for the  
34 period immediately following that fiscal year for which the Budget  
35 Act has not been enacted for the subsequent fiscal year if all of  
36 the following apply:

37 (1) The statute or a portion of the statute, has been determined  
38 by the Legislature, the commission, or any court to mandate a new  
39 program or higher level of service requiring reimbursement of

1 school districts pursuant to Section 6 of Article XIII B of the  
2 California Constitution.

3 (2) The statute, ~~or~~ or a portion of the statute, or the test claim  
4 number utilized by the commission, specifically has been identified  
5 by the Legislature in the Budget Act for the fiscal year as being  
6 one for which reimbursement is not provided for that fiscal year.  
7 For purposes of this paragraph, a mandate shall be considered  
8 specifically to have been identified by the Legislature only if it  
9 has been included within the schedule of reimbursable mandates  
10 shown in the Budget Act and it specifically is identified in the  
11 language of a provision of the item providing the appropriation  
12 for mandate reimbursements.

13 (b) *Within 30 days after enactment of the Budget Act, the*  
14 *Department of Finance shall notify school districts of any statute*  
15 *or executive order, or portion thereof, for which reimbursement*  
16 *is not provided for the fiscal year pursuant to this section.*

17 ~~(b)~~

18 (c) This section applies only to the following mandates:

19 (1) The School Bus Safety I (CSM-4433) and II (97-TC-22)  
20 mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the  
21 Statutes of 1994; and Chapter 739 of the Statutes of 1997).

22 (2) The School Crimes Reporting II mandate (97-TC-03; and  
23 Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes  
24 of 1995).

25 (3) Investment reports (96-358-02; and Chapter 783 of the  
26 Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).

27 (4) County treasury oversight committees (96-365-03; and  
28 Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes  
29 of 1996).

30 (5) Grand jury proceedings mandate (98-TC-27; and Chapter  
31 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997,  
32 and Chapter 230 of the Statutes of 1998).

33 (6) Sexual Harassment Training in the Law Enforcement  
34 Workplace (97-TC-07; and Chapter 126 of the Statutes of 1993).

35 ~~SEC. 14. Section 17612 of the Government Code is amended~~  
36 ~~to read:~~

37 ~~17612. (a) Upon receipt of the report submitted by the~~  
38 ~~commission pursuant to Section 17600, funding shall be provided~~  
39 ~~in the subsequent Budget Act for costs incurred in prior years. No~~

1 funding shall be provided for years in which a mandate is  
2 suspended.

3 (b) ~~The Legislature may amend, modify, or supplement the~~  
4 ~~parameters and guidelines, reasonable reimbursement methodology,~~  
5 ~~and adopted statewide estimate of costs for the initial claiming~~  
6 ~~period and budget year for mandates contained in the annual~~  
7 ~~Budget Act. If the Legislature amends, modifies, or supplements~~  
8 ~~the parameters and guidelines, reasonable reimbursement~~  
9 ~~methodology, and adopted statewide estimate of costs for the initial~~  
10 ~~claiming period and budget year, it shall make a declaration in~~  
11 ~~separate legislation specifying the basis for the amendment,~~  
12 ~~modification, or supplement.~~

13 (e) ~~If the Legislature deletes from the annual Budget Act funding~~  
14 ~~for a mandate, the local agency or school district may file in the~~  
15 ~~Superior Court of the County of Sacramento an action in~~  
16 ~~declaratory relief to declare the mandate unenforceable and enjoin~~  
17 ~~its enforcement for that fiscal year.~~

18 *SEC. 14. Section 17612 of the Government Code, as amended*  
19 *by Chapter 179 of the Statutes of 2007, is amended to read:*

20 17612. (a) Upon receipt of the report submitted by the  
21 commission pursuant to Section 17600, funding shall be provided  
22 in the subsequent Budget Act for costs incurred in prior years. No  
23 funding shall be provided for years in which a mandate is  
24 suspended.

25 (b) The Legislature may amend, modify, or supplement the  
26 parameters and guidelines, *reasonable reimbursement*  
27 *methodology, and adopted statewide estimate of costs for the initial*  
28 *claiming period and budget year* for mandates contained in the  
29 annual Budget Act. If the Legislature amends, modifies, or  
30 supplements the parameters and guidelines, *reasonable*  
31 *reimbursement methodology, and adopted statewide estimate of*  
32 *costs for the initial claiming period and budget year*, it shall make  
33 a declaration in separate legislation specifying the basis for the  
34 amendment, modification, or supplement.

35 (c) If the Legislature deletes from the annual Budget Act funding  
36 for a mandate, the local agency or school district may file in the  
37 Superior Court of the County of Sacramento an action in  
38 declaratory relief to declare the mandate unenforceable and enjoin  
39 its enforcement for that fiscal year.

1     ~~SEC. 15.— Section 3.5 of this bill incorporates amendments to~~  
2     ~~Section 17551 of the Government Code proposed by both this bill~~  
3     ~~and Assembly Bill 1170. It shall only become operative if (1) both~~  
4     ~~bills are enacted and become effective on or before January 1,~~  
5     ~~2008, (2) each bill amends Section 17551 of the Government Code,~~  
6     ~~and (3) this bill is enacted after Assembly Bill 1170, in which case~~  
7     ~~Section 3 of this bill shall not become operative.~~

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