

## Senate Bill No. 112

### CHAPTER 144

An act to amend Sections 17557 and 17558 of the Government Code, relating to state mandates.

[Approved by Governor August 1, 2011. Filed with  
Secretary of State August 1, 2011.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 112, Liu. State mandates: claiming instructions.

Existing law requires the Commission on State Mandates to adopt parameters and guidelines for reimbursement of claims by local agencies and school districts for state mandates pursuant to statute. Existing law authorizes a local agency, school district, or the state to file a claim asking the commission to amend, modify, or supplement the parameters or guidelines. Existing law authorizes the request to amend parameters and guidelines to be filed to make specified changes to parameters and guidelines, including amending the boilerplate language, as defined.

This bill would provide that any amendment of the boilerplate language that does not increase or decrease the reimbursable costs would be restricted to limiting the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted.

Existing law requires the Commission on State Mandates to submit adopted parameters and guidelines to the Controller. Existing law requires the Controller, within 60 days after receiving the adopted parameters and guidelines from the commission, to issue claiming instructions for each mandate that requires state reimbursement, and within 60 days after receiving amended parameters and guidelines, to prepare and issue revised claiming instructions for state mandates that require state reimbursement that have been established by the commission.

This bill would increase the amount of time to within 90 days after receiving the adopted parameters and guidelines or amended parameters and guidelines that the Controller is required to issue claim instructions for each state mandate that requires reimbursement, and to prepare and issue revised claiming instructions for state mandates.

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

SECTION 1. Section 17557 of the Government Code is amended to read:

17557. (a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be

subvened to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. The proposed parameters and guidelines may include proposed reimbursable activities that are reasonably necessary for the performance of the state-mandated program. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified.

(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.

(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission shall not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.

(d) (1) A local agency, school district, or the state may file a written request with the commission to amend the parameters or guidelines. The commission may, after public notice and hearing, amend the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year.

(2) For purposes of this subdivision, the request to amend parameters and guidelines may be filed to make any of the following changes to parameters and guidelines, consistent with the statement of decision:

(A) Delete any reimbursable activity that has been repealed by statute or executive order after the adoption of the original or last amended parameters and guidelines.

(B) Update offsetting revenues and offsetting savings that apply to the mandated program and do not require a new legal finding that there are no costs mandated by the state pursuant to subdivision (e) of Section 17556.

(C) Include a reasonable reimbursement methodology for all or some of the reimbursable activities.

(D) Clarify what constitutes reimbursable activities.

(E) Add new reimbursable activities that are reasonably necessary for the performance of the state-mandated program.

(F) Define what activities are not reimbursable.

(G) Consolidate the parameters and guidelines for two or more programs.

(H) Amend the boilerplate language. For purposes of this section, “boilerplate language” means the language in the parameters and guidelines that is not unique to the state-mandated program that is the subject of the parameters and guidelines. Any amendment that does not increase or decrease reimbursable costs shall limit the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted.

(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

SEC. 2. Section 17558 of the Government Code is amended to read:

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

(b) Not later than 90 days after receiving the adopted parameters and guidelines, a reasonable reimbursement methodology from the commission, or notification from the Department of Finance, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller shall request assistance from the Department of Finance and may request the assistance of other state agencies. The claiming instructions shall be derived from the test claim decision and the adopted parameters and guidelines, reasonable reimbursement methodology, or statute declaring a legislatively determined mandate.

(c) The Controller shall, within 90 days after receiving amended parameters and guidelines, an amended reasonable reimbursement methodology from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17557, Section

17557.2, or after any decision or order of the commission pursuant to Section 17559, or after any action by the Legislature pursuant to Section 17573. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies.

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