

**ASSEMBLY BILL**

**No. 972**

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**Introduced by Assembly Member Torlakson**

February 27, 1997

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An act to amend Sections 17525, 17553, 17557, and 17560 of, and to add Section 17558.6 to, the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

AB 972, as introduced, Torlakson. State-mandated local costs.

Existing law requires the Governor to appoint 2 persons to the Commission on State Mandates from 3 categories.

This bill would instead require the Governor to appoint 3 persons to the commission with one of those designated to be an alternate for the other 2 to vote when either member is absent.

(2) Existing law requires the commission to adopt procedures that ensure that a statewide cost estimate is adopted within 18 months after receipt of a test claim or 6 months after receipt of an undisputed test claim.

This bill would instead require that a statewide cost estimate be adopted within 12 months after receipt of a test claim and delete the reference to an undisputed test claim. The bill would also provide that this deadline may be extended for up to 6 months upon the request of either the claimant or the commission.

(3) Existing law requires that a test claim be submitted on or before December 31 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

This bill would revise the last date following the close of a fiscal year on which a test claim may be submitted to June 30.

(4) Under existing law, all claims that are filed after the determination of a test claim are required to be transferred to the Controller who is required to pay and audit the claims.

This bill would provide that if the Controller determines that a reimbursement claim should be reduced and the determination is contested, in lieu of a hearing on the issue before the commission, the local agency would be authorized to have the issue resolved by binding arbitration.

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 17525 of the Government Code  
2 is amended to read:

3 17525. (a) There is hereby created the Commission  
4 on State Mandates, which shall consist of ~~seven members~~  
5 ~~as follows~~ *the following members:*

- 6 (1) The Controller.
- 7 (2) The Treasurer.
- 8 (3) The Director of Finance.
- 9 (4) The Director of the Office of Planning and  
10 Research.

11 (5) A public member with experience in public  
12 finance, appointed by the Governor and approved by the  
13 Senate.

14 (6) ~~Two~~ *Three* members from the following three  
15 categories appointed by the Governor and approved by  
16 the Senate, provided that no more than one member shall  
17 come from the same category. *The Governor shall*  
18 *designate one of these three appointees as an alternate to*  
19 *the other two to vote when either of the other two*  
20 *members is absent:*

- 21 (A) A city council member.



1 (B) A member of a county or city and county board of  
2 supervisors.

3 (C) A governing board member of a school district as  
4 defined in Section 17519.

5 (b) Each member appointed pursuant to paragraph  
6 (5) or (6) of subdivision (a) shall be subject to both of the  
7 following:

8 (1) The member shall serve for a term of four years  
9 subject to renewal.

10 (2) The member shall receive per diem of one  
11 hundred dollars (\$100) for each day actually spent in the  
12 discharge of official duties and shall be reimbursed for any  
13 actual and necessary expenses incurred in connection  
14 with the performance of duties as a member of the  
15 commission.

16 SEC. 2. Section 17553 of the Government Code is  
17 amended to read:

18 17553. (a) The commission shall adopt procedures  
19 for receiving claims pursuant to this article and for  
20 providing a hearing on those claims. The hearing  
21 procedure shall provide for presentation of evidence by  
22 the claimant, the Department of Finance and any other  
23 affected department or agency, and any other interested  
24 person. The procedures shall ensure that a statewide cost  
25 estimate is adopted within ~~18~~ 12 months after receipt of  
26 a test claim ~~or six months after an undisputed test claim,~~  
27 ~~except for any extensions or postponements by the~~  
28 ~~claimant, or if incomplete information is submitted by the~~  
29 ~~claimant,~~ when a determination is made by the  
30 commission that a mandate exists. *This deadline may be*  
31 *extended for up to six months upon the request of either*  
32 *the claimant or the commission.* Hearing of a claim may  
33 be postponed at the request of the claimant, without  
34 prejudice, until the next scheduled hearing.

35 (b) The procedures adopted by the commission  
36 pursuant to subdivision (a) shall include the following:

37 (1) Provisions for consolidating test claims relating to  
38 the same statute or executive order filed with the  
39 commission with time limits that do not exceed 30 days  
40 from the initial filing for consolidating the test claims and



1 for claimants to designate a single contact for information  
2 regarding the test claim.

3 (2) Provisions for claimants to designate a single  
4 claimant for a test claim relating to the same statute or  
5 executive order filed with the commission, with time  
6 limits that do not exceed 30 days from the initial filing for  
7 making that designation.

8 (c) If a completed test claim is not received by the  
9 commission within 30 calendar days from the date that an  
10 incomplete test claim was returned by the commission,  
11 the original test claim filing date may be disallowed, and  
12 a new test claim may be accepted on the same statute or  
13 executive order.

14 (d) This section shall become operative on July 1, 1996.

15 SEC. 3. Section 17557 of the Government Code is  
16 amended to read:

17 17557. (a) If the commission determines there are  
18 costs mandated by the state pursuant to Section 17555, it  
19 shall determine the amount to be subvended to local  
20 agencies and school districts for reimbursement. In so  
21 doing it shall adopt parameters and guidelines for  
22 reimbursement of any claims relating to the statute or  
23 executive order. The successful test claimants shall  
24 submit proposed parameters and guidelines within 30  
25 days of adoption of a statement of decision on a test claim.  
26 At the request of a successful test claimant, the  
27 commission may provide for one or more extensions of  
28 this 30-day period at any time prior to its adoption of the  
29 parameters and guidelines. If proposed parameters and  
30 guidelines are not submitted within the 30-day period and  
31 the commission has not granted an extension, then the  
32 commission shall notify the test claimant that the amount  
33 of reimbursement the test claimant is entitled to for the  
34 first 12 months of incurred costs will be reduced by 20  
35 percent, unless the test claimant can demonstrate to the  
36 commission why an extension of the 30-day period is  
37 justified. A local agency, school district, and the state may  
38 file a claim or request with the commission to amend,  
39 modify, or supplement the parameters or guidelines. The



1 commission may, after public notice and hearing, amend,  
2 modify, or supplement the parameters and guidelines.

3 (b) In adopting parameters and guidelines, the  
4 commission may adopt an allocation formula or uniform  
5 allowance which would provide for reimbursement of  
6 each local agency or school district of a specified amount  
7 each year.

8 (c) The parameters and guidelines adopted by the  
9 commission shall specify the fiscal years for which local  
10 agencies and school districts shall be reimbursed for costs  
11 incurred, ~~provided, however, that.~~ *However,* the  
12 commission shall not specify therein any fiscal year for  
13 which payment could be provided in the annual Budget  
14 Act. A test claim shall be submitted on or before  
15 ~~December 31~~ *June 30* following a fiscal year in order to  
16 establish eligibility for reimbursement for that fiscal year.  
17 *The claimant may thereafter amend the test claim at any*  
18 *time prior to a commission hearing on the claim without*  
19 *affecting the rights of any other local agency that may*  
20 *submit a test claim for the subject fiscal year.*

21 (d) This section shall become operative on July 1, 1996.

22 SEC. 4. Section 17558.6 is added to the Government  
23 Code, to read:

24 17558.6. If the Controller determines that a  
25 reimbursement claim should be reduced and this  
26 determination is contested by a local agency, in lieu of a  
27 hearing on the issue before the commission, the local  
28 agency may decide to have the issue resolved by binding  
29 arbitration. The costs of arbitration shall be paid by the  
30 local agency and the arbitrator shall be mutually agreed  
31 upon from a panel submitted by the American  
32 Arbitration Association.

33 SEC. 5. Section 17560 of the Government Code is  
34 amended to read:

35 17560. Reimbursement for state-mandated costs may  
36 be claimed as follows:

37 (a) A local agency or school district may file an  
38 estimated reimbursement claim by November 30 *or 60*  
39 *days after the release of claiming instructions by the*  
40 *Controller, whichever is later,* of the fiscal year in which



1 costs are to be incurred, and, by November 30 *or 60 days*  
2 *after the release of claiming instructions by the*  
3 *Controller, whichever is later*, following that fiscal year  
4 shall file an annual reimbursement claim that details the  
5 costs actually incurred for that fiscal year; or it may  
6 comply with the provisions of subdivision (b).

7 (b) A local agency or school district may, by  
8 November 30 *or 60 days after the release of claiming*  
9 *instructions by the Controller, whichever is later*,  
10 following the fiscal year in which costs are incurred, file  
11 an annual reimbursement claim that details the costs  
12 actually incurred for that fiscal year.

13 (c) In the event revised claiming instructions are  
14 issued by the Controller pursuant to subdivision (c) of  
15 Section 17558 between September 1 and November 30, a  
16 local agency or school district filing an annual  
17 reimbursement claim shall have 120 days following the  
18 issuance date of the revised claiming instructions to file  
19 a claim.

20 (d) Subdivision (c) of this section shall become  
21 operative on July 1, 1996.

