

ITEM 7

PROPOSED DECISION AND PARAMETERS AND GUIDELINES

Government Code Sections 50034(a)(1)-(2) & (b), as Added by Statutes 2023,
Chapter 586 (AB 1637)

Internet Websites and Email Addresses

24-TC-04

Period of Reimbursement begins January 1, 2024

EXECUTIVE SUMMARY

I. Summary of the Mandate

These Parameters and Guidelines address new state mandated activities and costs resulting from Government Code section 50034(a)(1)-(2) and (b), as added by Statutes 2023, chapter 586 (the test claim statute) effective January 1, 2024. The test claim statute requires that cities and counties ensure that their web pages and email addresses use either “.gov” or “.ca.gov” domain names by January 1, 2029.

On December 5, 2025, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute imposes a reimbursable state-mandated program upon local agencies (specifically limited in the test claim statute to mean a “city, county, or city and county”¹) within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved this Test Claim for the following reimbursable one-time activities:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a “.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.²
2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.³
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.⁴

¹ See Government Code section 50034(c).

² Government Code section 50034(a)(1).

³ Government Code section 50034(a)(2).

⁴ Government Code section 50034(b).

II. Procedural History

The Commission adopted the Test Claim Decision on December 5, 2025.⁵ Commission staff issued the Draft Expedited Parameters and Guidelines on December 10, 2025.⁶ The State Controller's Office filed comments on December 19, 2025, recommending no changes.⁷ Neither the claimant nor the Department of Finance filed comments on the Draft Expedited Parameters and Guidelines. Pursuant to section 1183.9(d) of the Commission's regulations Commission staff did not issue a Draft Proposed Decision and Parameters and Guidelines for comment because no substantive comments were filed on the Draft Expedited Parameters and Guidelines.⁸

III. Discussion

A. Eligible Claimants (Section II. of the Parameters and Guidelines)

Any city, county, or city and county subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose costs for this program are paid from proceeds of taxes, that incurs increased costs as a result of this mandate, is eligible to claim reimbursement.

B. Period of Reimbursement (Section III. of the Parameters and Guidelines)

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the Test Claim on December 16, 2024, establishing eligibility for reimbursement for the 2023-2024 fiscal year.⁹ Therefore, costs incurred are reimbursable on or after July 1, 2023. However, because the test claim statute has an effective date of January 1, 2024, the period of reimbursement begins on January 1, 2024.

C. Reimbursable Activities (Section IV. of the Parameters and Guidelines)

Section IV. of the Parameters and Guidelines identifies the state-mandated activities approved by the Commission as follows:

⁵ Exhibit A, Test Claim Decision

⁶ Exhibit B, Draft Expedited Parameters and Guidelines.

⁷ Exhibit C, Controller's Comments on the Draft Expedited Parameters and Guidelines.

⁸ California Code of Regulations, title 2, section 1183.9(d) provides: "If no comments are filed on the draft expedited parameters and guidelines that raise substantive issues regarding any of the elements described in section 1183.7, a draft proposed decision in accordance with section 1183.13(a) of these regulations need not be prepared and the executive director may schedule the proposed decision and parameters and guidelines for adoption at the next regularly scheduled hearing in accordance with section 1183.13(d) of these regulations."

⁹ Exhibit A, Test Claim Decision, page 24.

For each eligible claimant that incurs increased costs, the following one-time activities are reimbursable:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a “.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.¹⁰
2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.¹¹
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.¹²

D. Claim Preparation and Submission (Section V. of the Parameters and Guidelines)

No substantive changes to the Commission’s standard boilerplate language have been proposed or made.

E. Offsetting Revenues and Reimbursements (Section VII. of the Parameters and Guidelines)

No substantive changes to the Commission’s standard boilerplate language have been proposed or made.

F. The Remaining Sections of the Parameters and Guidelines

Section VI. Record Retention; Section VIII. State Controller’s Claiming Instructions; Section IX. Remedies Before the Commission; and Section X. Legal and Factual Basis for the Parameters and Guidelines contain standard boilerplate language.

IV. Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision and Parameters and Guidelines and authorize staff to make any technical, non-substantive changes to the Proposed Decision and Parameters and Guidelines following the hearing.

¹⁰ Government Code section 50034(a)(1).

¹¹ Government Code section 50034(a)(2).

¹² Government Code section 50034(b).

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES

Government Code Sections 50034(a)(1)-(2) & (b), as Added by Statutes 2023, Chapter 586 (AB 1637)

The period of reimbursement begins January 1, 2024

Case No.: 24-TC-04

Internet Websites and Email Addresses

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted February 13, 2026)

DECISION

The Commission on State Mandates (Commission) heard and decided this Decision and Parameters and Guidelines during a regularly scheduled hearing on February 13, 2026. [Witness list will be included in the adopted Decision and Parameters and Guidelines.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified/rejected] the Proposed Decision and Parameters and Guidelines by a vote of [vote will be included in the adopted Decision and Parameters and Guidelines], as follows:

Member	Vote
Lee Adams, County Supervisor	
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	
Karen Greene Ross, Public Member	
Renee Nash, School District Board Member	
William Pahland, Representative of the State Treasurer	
Michele Perrault, Representative of the Director of the Department of Finance, Chairperson	
Alexander Powell, Representative of the Director of the Governor's Office of Land Use and Climate Innovation	

I. Summary of the Mandate

These Parameters and Guidelines address new state mandated activities and costs resulting from Government Code section 50034(a)(1)-(2) and (b), as added by Statutes 2023, chapter 586 (the test claim statute) effective January 1, 2024. The test claim statute requires that cities and counties ensure that their web pages and email addresses use either “.gov” or “.ca.gov” domain names by January 1, 2029.

On December 5, 2025, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute imposes a reimbursable state-mandated program upon local agencies (specifically limited in the test claim statute to mean a “city, county, or city and county”¹³) within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved this Test Claim for the following reimbursable one-time activities:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a “.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.¹⁴
2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.¹⁵
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.¹⁶

II. Procedural History

The Commission adopted the Test Claim Decision on December 5, 2025.¹⁷ Commission staff issued the Draft Expedited Parameters and Guidelines on December 10, 2025.¹⁸ The State Controller’s Office filed comments on December 19, 2025, recommending no changes.¹⁹ Neither the claimant nor the Department of Finance filed comments on the Draft Expedited Parameters and Guidelines. Pursuant to section 1183.9(d) of the Commission’s regulations Commission staff did not issue a Draft

¹³ See Government Code section 50034(c).

¹⁴ Government Code section 50034(a)(1).

¹⁵ Government Code section 50034(a)(2).

¹⁶ Government Code section 50034(b).

¹⁷ Exhibit A, Test Claim Decision

¹⁸ Exhibit B, Draft Expedited Parameters and Guidelines.

¹⁹ Exhibit C, Controller’s Comments on the Draft Expedited Parameters and Guidelines.

Proposed Decision and Parameters and Guidelines for comment because no substantive comments were filed on the Draft Expedited Parameters and Guidelines.²⁰

III. Positions of the Parties

A. County of Santa Clara

The claimant did not file any comments on the Draft Expedited Parameters and Guidelines.

B. State Controller

The State Controller's Office filed comments on December 19, 2025, recommending no changes.²¹

IV. Discussion

Consistent with the Test Claim Decision, the Parameters and Guidelines state the following:

A. Eligible Claimants (Section II. of the Parameters and Guidelines)

Any city, county, or city and county subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose costs for this program are paid from proceeds of taxes, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

B. Period of Reimbursement (Section III. of the Parameters and Guidelines)

Government Code section 17557(e) requires a test claim to be "submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year." Because this Test Claim was filed on December 16, 2024, the potential period of reimbursement under Government Code section 17557 would typically begin on July 1, 2023. However, since the test claim statute has a later effective date, the period of reimbursement begins on January 1, 2024.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller (Controller) within 120 days of the issuance date for the claiming instructions.

²⁰ California Code of Regulations, title 2, section 1183.9(d) provides: "If no comments are filed on the draft expedited parameters and guidelines that raise substantive issues regarding any of the elements described in section 1183.7, a draft proposed decision in accordance with section 1183.13(a) of these regulations need not be prepared and the executive director may schedule the proposed decision and parameters and guidelines for adoption at the next regularly scheduled hearing in accordance with section 1183.13(d) of these regulations."

²¹ Exhibit C, Controller's Comments on the Draft Expedited Parameters and Guidelines.

3. Pursuant to Government Code section 17560(a), a local agency may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

C. Reimbursable Activities (Section IV. of the Parameters and Guidelines)

Section IV. of the Parameters and Guidelines contains standard boilerplate language and identifies the reimbursable activities as follows:

For each eligible claimant that incurs increased costs, the following one-time activities are reimbursable:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a “.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.²²
2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.²³
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.²⁴

The Test Claim Decision also noted that the claimant identified additional activities allegedly required to migrate its websites, web applications, and email addresses to the new domain name, which the Commission found were not mandated by the plain language of the test claim statute. However, the Test Claim Decision states that additional activities may be proposed for inclusion in the Parameters and Guidelines if supported by evidence in the record showing the proposed activities are reasonably necessary for the performance of the state-mandated program.²⁵ No comments were

²² Government Code section 50034(a)(1).

²³ Government Code section 50034(a)(2).

²⁴ Government Code section 50034(b).

²⁵ Exhibit A, Test Claim Decision, pages 41-42.

filed on the Draft Expedited Parameters and Guidelines requesting reimbursement for reasonably necessary activities and there is no evidence explaining why the list of activities in the Test Claim are reasonably necessary to comply with the mandate. Therefore, pursuant to Government Code section 17557(a) and California Code of Regulations, title 2, sections 1183.7(d) and 1187.5, only the three activities that were found to be mandated by the state are reimbursable.

D. Claim Preparation and Submission (Section V. of the Parameters and Guidelines)

Section V. of the Parameters and Guidelines (Claim Preparation and Submission) identifies the direct costs eligible for reimbursement. No substantive changes to the Commission's standard boilerplate language have been proposed or made.

E. Offsetting Revenues and Reimbursements (Section VII. Offsetting Revenues and Reimbursements)

Section VII. of the Parameters and Guidelines governs offsetting revenues (i.e., funds other than a claimant's proceeds of taxes) required to be identified and deducted from any claim submitted for reimbursement. No substantive changes to the Commission's standard boilerplate language have been proposed or made.

F. The Remaining Sections of the Parameters and Guidelines

Section VI. Record Retention; Section VIII. State Controller's Claiming Instructions; Section IX. Remedies Before the Commission; and Section X. Legal and Factual Basis for the Parameters and Guidelines contain standard boilerplate language.

V. Conclusion

Based on the foregoing analysis, the Commission hereby adopts the Proposed Decision and Parameters and Guidelines.

PARAMETERS AND GUIDELINES²⁶

Government Code Sections 50034(a)(1)-(2) & (b) As Added by Statutes 2023,
Chapter 586 (AB 1637)

Internet Websites and Email Addresses

24-TC-04

Period of reimbursement begins January 1, 2024

I. SUMMARY OF THE MANDATE

These Parameters and Guidelines address new state mandated activities and costs resulting from Government Code section 50034(a)(1)-(2) and (b), as added by Statutes

²⁶ Please note that the Decision and Parameters and Guidelines is a single document and must be read as a whole. It is not intended to be separated and should be posted in its entirety.

2023, chapter 586 (the test claim statute) effective January 1, 2024. The test claim statute requires that cities and counties ensure that their web pages and email addresses use either “.gov” or “.ca.gov” domain names by January 1, 2029.

On December 5, 2025, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute imposes a reimbursable state-mandated program upon local agencies (specifically limited in the test claim statute to mean a “city, county, or city and county”²⁷) within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved this Test Claim for the following reimbursable one-time activities:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a “.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.²⁸
2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.²⁹
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.³⁰

II. ELIGIBLE CLAIMANTS

Any city, county, or city and county, special district subject to the taxing restrictions of articles XIII A and XIII C, and the spending limits of article XIII B, of the California Constitution, whose costs for this program are paid from proceeds of taxes and incurs increased costs as a result of this mandate, is eligible to claim reimbursement.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the Test Claim on December 16, 2024, establishing eligibility for reimbursement for the 2023-2024 fiscal year. Therefore, costs incurred are reimbursable on or after July 1, 2023. However, because the test claim statute has an effective date of January 1, 2024, the period of reimbursement begins on January 1, 2024.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.

²⁷ See Government Code section 50034(c).

²⁸ Government Code section 50034(a)(1).

²⁹ Government Code section 50034(a)(2).

³⁰ Government Code section 50034(b).

2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller (Controller) within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560(a), a local agency may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a local agency filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event, or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant that incurs increased costs, the following one-time activities are reimbursable:

1. Ensure that the Internet website used by the public (including any webpages, web applications, or other related resources within the website) utilizes either a

“.gov” top-level domain name or a “.ca.gov” second-level domain name by January 1, 2029.³¹

2. Ensure any websites (including any webpages, web applications, or other related resources within the website) with a non-compliant domain name the city or county continues to maintain after January 1, 2029 redirects users to a website with a compliant domain name.³²
3. Ensure that each public email address provided for the city’s or county’s employees utilizes a “.gov” or “.ca.gov” domain name by January 1, 2029.³³

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV., Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract

³¹ Government Code section 50034(a)(1).

³² Government Code section 50034(a)(2).

³³ Government Code section 50034(b).

consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

B. Indirect Cost Rates

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement in accordance with the Office of Management and Budget Circular 2 CFR, Chapter I and Chapter II, Part 200 et al. Claimants have the option of using the federal de minimis indirect cost rate percentage of direct labor identified in the Office of Management and Budget Circular, at Code of Federal Regulations, title 2, section 200.414(f), excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds the federal de minimis rate.³⁴

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be: (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) shall be accomplished by: (1) classifying a department's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The

³⁴ Effective October 1, 2024, the federal de minimis rate was raised from 10 percent to 15 percent. (Code of Federal Regulations, title 2, § 200.414(f) (89 FR 30046, 30092.)

rate should be expressed as a percentage that the total amount of allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in 2 CFR, Chapter I and Chapter II, Part 200 et al.) shall be accomplished by: (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed pursuant to this chapter³⁵ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV., must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND REIMBURSEMENTS

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds that are not the claimant's proceeds of taxes shall be identified and deducted from any claim submitted for reimbursement.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558(b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the adopted parameters and guidelines from the Commission, to assist local governments in claiming costs to be reimbursed. The claiming instructions shall be derived from these parameters and guidelines and the decisions on the test claim and parameters and guidelines adopted by the Commission.

³⁵ This refers to title 2, division 4, part 7, chapter 4 of the Government Code.

Pursuant to Government Code section 17561(d)(1), issuance of the claiming instructions shall constitute a notice of the right of the eligible claimants to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of an eligible claimant, the Commission shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.17.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The decisions adopted for the test claim and parameters and guidelines are legally binding on all parties and interested parties and provide the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record. The administrative record is on file with the Commission.