

## **ITEM 7**

### **ADOPTION OF COMMISSION ORDER TO INITIATE RULEMAKING GENERAL CLEANUP PROVISIONS**

#### **PROPOSED AMENDMENTS TO CALIFORNIA CODE OF REGULATIONS, TITLE 2, DIVISION 2, CHAPTER 2.5**

#### **ARTICLES 1, 3, 4, 5, 6, 7, 8, AND 10**

SECTIONS 1181.1; 1181.2; 1181.3; 1181.4; 1181.8; 1181.9; 1183.1; 1183.2; 1183.3; 1183.4; 1183.6; 1183.7; 1183.8; 1183.9; 1183.10; 1183.11; 1183.12; 1183.13; 1183.14; 1183.15; 1183.16; 1183.17; 1183.18; 1184.1; 1185.1; 1185.2; 1185.3; 1185.4; 1185.5; 1185.6; 1185.7; 1185.8; 1185.9; 1186.2; 1186.4; 1186.6; 1186.7; 1187.1; 1187.2; 1187.3; 1187.4; 1187.6; 1187.7; 1187.8, 1187.9, 1187.13; 1187.14; 1187.15; 1188.1, 1188.2, 1190.1, 1190.2, 1190.3, and 1190.5

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#### **EXECUTIVE SUMMARY**

Section 1188.1(a) of the Commission on State Mandates' (Commission's) regulations authorizes the Commission to adopt an order to initiate rulemaking. Following adoption of the order, staff will publish a notice of hearing and notice and rulemaking package to all interested persons for public comment.

The purpose of this rulemaking is to generally clean-up, clarify, and streamline Commission regulations and update language for consistency. Specifically, the proposed regulations: (1) clarify the definitions of "completed," "new filing," "party," "statewide cost estimate," "statewide estimate of costs," and "subsequent change in the law;" and clarify the types of matters for which the executive director issues sequential numbers for matters; (2) require electronic filing for all new filings and written materials except as specified, and add electronic formatting requirements; (3) clarify that the tie vote procedures apply to all action items and that the option of assigning a matter to a hearing panel or hearing officer in the case of a tie vote applies to all quasi-judicial "matters" and not only to test claims and incorrect reduction claims; (4) streamline the process for adopting expedited parameters and guidelines; (5) clarify the joint reasonable reimbursement methodology (RRM) regulations, which implement Government Code sections 17557.1 and 17557.2, to make it clear that it is an alternative process and not the same as an RRM included in parameters and guidelines adopted by the Commission pursuant to Government Code section 17557; (6) clarify Commission and party actions in the timeline regulation; (7) clarify that the three-year limitation period that applies to filing incorrect reduction claims also applies to filing amendments to incorrect reduction claims; (8) add completeness language to a request to review the apportionment or base year entitlement of a program in the State Mandates Apportionment System (SMAS) consistent with the other SMAS requests for inclusion and removal; (9) clarify the definition of "matter" in article 7 to include joint reasonable reimbursement methodologies and statewide estimates of costs (joint RRM and SECs), and joint requests for early termination of a joint RRM; (10) clarify that the informal

conference regulation and witnesses/subpoena regulations apply to all quasi-judicial “matters” subject to the article 7 regulations; (11) authorize limits to the length of testimony in Commission hearings consistent with the Bagley-Keene Open Meeting Act; (12) clarify that the regulation for abandoning a matter applies to all quasi-judicial “matters” subject to the article 7 regulations; (13) clarify the regulation on dismissal of a test claim or other matter; (14) clarify the regulation governing the limited authority to reconsider a prior final decision on a test claim or incorrect reduction claim to make it consistent with Government Code section 17559(a), to clarify the standard of review to reconsider a prior final decision, and to make other clarifying amendments; (15) make minor, non-substantive consistency edits, corrections; and (16) update authority and reference citations.

These changes are discussed in detail in the attached Initial Statement of Reasons.<sup>1</sup>

## **II. Exhibits**

The proposed regulatory text is attached as Exhibit B. The proposed text is in strikeout and underline to show proposed changes to current regulatory language. Before filing with OAL, staff may make technical corrections, as required.

The Notice of Proposed Rulemaking is attached as Exhibit C, the Initial Statement of Reasons is attached as Exhibit D, and the Full Text of Documents Relied Upon are attached as Exhibits E and F.

## **III. Timetable**

If the order is adopted at the July 26, 2019 hearing of the Commission, staff will proceed pursuant to the following timetable:

July 30, 2019	Notice of Rulemaking, Initial Statement of Reasons, and Proposed Text will be filed with the Office of Administrative Law for publication.
August 9, 2019	Notice of Proposed Regulatory Action will be issued and published. Comment period opens.
September 9, 2019	Last day to request public hearing.
September 23, 2019	End of public comment period
September 27, 2019	Public Hearing, if requested
November 22, 2019	Adopt proposed rulemaking package.
January 15, 2019	File Adopted Regulations with the Office of Administrative Law.
February 29, 2019	Office of Administrative Law files Adopted Regulations with the Secretary of State
April 1, 2020	Effective date of adopted regulations.

### **Staff Recommendation**

Staff recommends the Commission adopt Proposed Order 19-01.

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<sup>1</sup> Exhibit C.