

**ITEM 7**  
**LEGISLATIVE UPDATE**  
**2018 LEGISLATION**

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**SB 1498 – Local Government Omnibus Act of 2018**

SB 1498 was introduced by the Senate Governance and Finance Committee on March 1, 2018. This is an omnibus bill which, among other things, proposes amending Government Code section 17551 to specify that for purposes of filing a test claim based on the date of first incurring increased costs, “within 12 months” means by June 30 of the fiscal year following the fiscal year in which increased costs were first incurred by the test claimant.

Under existing law, a local agency or school district is required to file a test claim not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later. In December 2017, the Commission approved an amendment to section 1183.1(c) of its regulations to specify that for purposes of filing a claim based on the date of first incurred costs, “12 months” means 365 days, rather than “June 30 of the fiscal year following the fiscal year in which increased costs were first incurred by the test claimant.”

If adopted, the proposed changes would invalidate the Commission’s amendment to section 1183.1(c) of the Commission’s regulations and allow test claimants to always choose the later deadline (based on the date of first incurring costs) since reimbursable costs can never be incurred *before* the effective date of a statute or executive order. For example, if the effective date of a given statute is July 1, 2017, then the period of limitation for filing the test claim based on the effective date would be July 1, 2018. But if a test claimant alleges that it began first incurring costs on July 2, 2017 (one day after the effective date of the statute, and in fiscal year 2017-2018), the claimant could avail itself of the language in the proposed bill allowing a test claim filing by “June 30 of the fiscal year following the fiscal year in which costs are first incurred,” and extend the period of limitation to June 30 of the following fiscal year (2018-2019), or to June 30, 2019; *one day short of two years after the statute became effective*. Therefore, this proposed amendment essentially extends the statute of limitation by up to 364 days, but only for those claimants who choose to file test claims based on the date of first incurring costs.

On August 6, 2018, the bill was amended and re-referred to the Assembly Committee on Appropriations. The amendment deletes all reference to Government Code section 17551 and therefore proposes no changes to the mandates program area. On August 28, 2018 the bill was enrolled and is awaiting the Governor’s Signature.

Staff will continue to monitor for legislation that impacts the mandates process.