

Date of Hearing: June 30, 2021

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

SB 813 (Committee on Governance and Finance) – As Amended June 21, 2021

SENATE VOTE: 38-0

SUBJECT: Local Government Omnibus Act of 2021.

SUMMARY: Enacts the Local Government Omnibus Act of 2021, which proposes a number of non-controversial changes to existing laws governing the powers and duties of local agencies.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

1) **Bill Summary.** This bill enacts the Local Government Omnibus Act of 2021, which includes the following provisions:

- a) **Commercial and Industrial Exemption from Subdivided Lands Act.** Last year's Local Government Omnibus bill [(SB 1473), Committee on Governance and Finance, Chapter 371, Statutes of 2020] corrected the commercial/industrial exemption so that it applies to individual commercial or industrial lots, rather than requiring the entire subdivision to be non-commercial or industrial to be exempt. It also clarified that the operation of an apartment complex is a commercial use under the Subdivided Lands Law.

In connection with correcting Business & Professions Code Section 11010.3 last year, some last-minute revisions in consultation with the Department of Real Estate resulted in subparagraph (a)(1) of the statute stating, "This article shall not apply to the proposed sale or lease of those lots or other interests in a subdivision that are limited to industrial or commercial uses by law" Some practitioners note the intent was that the "chapter" (i.e., Chapter 1 of Part 2 of Division 4 of the Business & Professions Code) not apply to such actions. Pre-2020, the commercial/industrial exemption was from all of Chapter 1. The proposed bill changes the reference in subparagraph (a)(1) of Business & Professions Code Section 11010.3 from "article" to "chapter."

- b) **Local Agency Financial Transactions Report Deadlines.** Existing law requires local governments to submit financial transactions reports (FTRs) to the State Controller's Office (SCO) seven months after fiscal year end (FYE) and for SCO to make the information publicly available by November 1 of each year following the end of the annual reporting period.

When AB 341 (Achadjian), Chapter 37, Statutes of 2015, extended these deadlines, it removed the word "time" from Government Code section 12463(a). By removing the word "time" from this section, SCO no longer has the flexibility to determine FTR due dates. This reduces the amount of control SCO can exercise over report submissions, which impacts the management of their workload. For the 2019-20 reporting year, a majority of the special district FTRs (4,607) have a June 30 FYE, which translates to a

January 31, 2021 due date to SCO. A small number of special districts (331) have Off Fiscal Years (OFYs), the first of which is due March 31, 2020, and the remaining with staggered dates through December 31, 2020. If changes to the forms or system are required, the earlier due date makes it difficult to thoroughly research how to appropriately report, incorporate updates quickly, and ensure SCO can meet the publication deadline.

SCO notes that having a consistent due date reduces overtime and the need to split staff time between report review, FTR research for upcoming changes, and system test activities. In addition, it allows staff to focus on one activity at a time, such as reviewing all like reports together.

SB 813 allows SCO to determine FTR due dates to: provide them time to streamline the work process; thoughtfully plan, research, and analyze any changes to include in the FTRs; review the current year FTRs comprehensively; and, thoroughly test next year's FTR forms in the reporting system.

- c) **Healthcare District Annual Report Requirements.** Existing law requires healthcare districts to publish their financial statements in a newspaper of general circulation. This statute was added in 1945 with the original healthcare district enabling act, and last amended in 1957. It requires the publication of the district's entire financial statement with the auditor's certification, including any exceptions or qualifications as part of that certification. These documents can be lengthy and are already required to be posted on the district's internet website, per Health and Safety Code 32139.

The Association of California Healthcare Districts notes this code section is outdated and publishing the full financial statement is cumbersome and expensive on both healthcare districts and publishers. SB 813 attempts to strike an appropriate balance between what is feasible, transparent, and in the public's interest. It removes the requirement to publish the entire financial statement, and replaces it with a requirement to publish: (1) the date the audit was completed, (2) who prepared the audit, (3) the location of the audit for public inspection, (4) a link to the audit on the district's website, and (5) a summary of any material audit findings. It also includes language that it furthers public access to healthcare district records by requiring them to publish audit information, and does not require reimbursement as a state-mandated local program.

- 2) **Author's Statement.** According to the author, "SB 813 compiles, into a single bill, noncontroversial statutory changes to state laws that affect local agencies and land use. Although the practice may violate a strict interpretation of the single-subject and germaneness rules, the Committee insists on a very public review of each item. More than 150 public officials, trade groups, lobbyists, and legislative staffers see each proposal before it goes into the Committee's bill. Should any item in SB 813 attract opposition, the Committee will delete it. In this transparent process, there is no hidden agenda. If it's not consensus, it's not omnibus."
- 3) **Arguments in Support.** Supporters note that this bill assists them with their mission and duties by making several non-controversial changes to the statutes governing local governments.
- 4) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of California Healthcare Districts
California State Controller Betty T. Yee

Opposition

None on file

Analysis Prepared by: Angela Mapp / L. GOV. / (916) 319-3958