
UNFINISHED BUSINESS

Bill No: SB 813
Author: Committee on Governance and Finance
Amended: 6/21/21
Vote: 21

SENATE GOVERNANCE & FIN. COMMITTEE: 5-0, 4/22/21
AYES: McGuire, Nielsen, Durazo, Hertzberg, Wiener

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

SENATE FLOOR: 38-0, 5/13/21 (Consent)
AYES: Allen, Archuleta, Atkins, Bates, Becker, Borgeas, Bradford, Caballero, Cortese, Dahle, Dodd, Durazo, Eggman, Glazer, Gonzalez, Grove, Hertzberg, Hueso, Hurtado, Jones, Kamlager, Laird, Leyva, McGuire, Melendez, Min, Newman, Nielsen, Ochoa Bogh, Pan, Portantino, Roth, Rubio, Skinner, Umberg, Wieckowski, Wiener, Wilk
NO VOTE RECORDED: Limón, Stern

ASSEMBLY FLOOR: 73-0, 8/19/21 (Consent) - See last page for vote

SUBJECT: Local Government Omnibus Act of 2021

SOURCE: Author

DIGEST: This bill proposes minor changes to state laws governing local governments' powers and duties.

Assembly Amendments correct a code reference regarding the commercial and industrial exemption from the Subdivided Lands Act.

ANALYSIS: Each year, local officials discover minor problems with state statutes affecting counties, cities, special districts, and other local agencies, as well as the laws on land use planning and development. These minor problems do not warrant separate (and expensive) bills. According to the Legislative Analyst, the cost of producing a bill in 2001-02 was \$17,890.

Legislators respond by combining several of these minor topics into an annual “omnibus bill.” In 2020, for example, the local government omnibus bill was SB 1473 (Senate Governance & Finance Committee, Chapter 371, Statutes of 2020) which contained noncontroversial statutory changes to 15 areas of local government law, avoiding approximately \$250,000 in legislative costs. Although this practice may violate a strict interpretation of the single-subject and germaneness rules as presented in *Californians for an Open Primary v. McPherson* (2006), it is an expeditious and relatively inexpensive way to respond to multiple requests.

This bill, the Local Government Omnibus Act of 2021, proposes the following changes to the state laws affecting local agencies’ powers and duties:

- 1) *Commercial and industrial exemption from Subdivided Lands Act.* Last year’s Local Government Omnibus (SB 1473, Committee on Governance and Finance, 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, and clarifies 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.” [See SEC. 2 of the proposed bill.]
- 2) *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, 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, reducing 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 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. [See SEC. 3 and 4 of the bill.]

- 3) *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, and 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, by removing 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. [See SEC. 5, 6, and 7 of the bill.]

Comments

Purpose of the bill. SB 813 compiles, into a single bill, noncontroversial statutory changes to state laws that affect local agencies and land use. Moving a bill through

the legislative process costs the state around \$18,000. By avoiding at least two other bills, the Committee's measure avoids approximately \$36,000 in legislative costs. 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Assembly Appropriations Committee:

- Minor costs to the SCO to revise guidance for local governments submitting FTRs, more than offset by savings achieved from standardizing report deadlines.
- This bill imposes a state mandate because it changes the information from audits and financial statements that healthcare districts are required to publish. Because these provisions facilitate public access to the writings of a public agency, any associated costs are not-reimbursable by the state, per Proposition 42, passed by voters on June 3, 2014. Proposition 42 requires all local governments to comply with the Public Records Act and the Brown Act and with any subsequent changes to those acts. Proposition 42 also eliminated reimbursement to local agencies for costs of complying with those acts. In addition, these provisions are likely to result in savings to healthcare districts.

SUPPORT: (Verified 8/20/21)

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

OPPOSITION: (Verified 8/20/21)

None received

ASSEMBLY FLOOR: 73-0, 8/19/21

AYES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bigelow, Bloom, Boerner Horvath, Bryan, Burke, Calderon, Carrillo, Cervantes, Chau, Chen, Chiu, Choi, Cooley, Cooper, Cunningham, Megan Dahle, Daly, Flora, Fong, Frazier, Friedman, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson,

Lorena Gonzalez, Gray, Grayson, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mathis, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, Nguyen, O'Donnell, Patterson, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Seyarto, Smith, Stone, Ting, Valladares, Villapudua, Voepel, Waldron, Ward, Akilah Weber, Wicks, Rendon
NO VOTE RECORDED: Davies, Gabriel, Holden, Irwin, Robert Rivas, Wood

Prepared by: Jonathan Peterson / GOV. & F. / (916) 651-4119
8/20/21 11:55:35

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