
SENATE COMMITTEE ON GOVERNANCE AND FINANCE

Senator Mike McGuire, Chair

2021 - 2022 Regular

Bill No:	SB 813	Hearing Date:	4/22/21
Author:	Committee on Governance and Finance	Tax Levy:	No
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Consultant:	Peterson		

LOCAL GOVERNMENT OMNIBUS ACT OF 2021

Proposes minor changes to state laws governing local governments' powers and duties.

Background

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) 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.

Proposed Law

Senate Bill 813, the "Local Government Omnibus Act of 2021," proposes the following changes to the state laws affecting local agencies' powers and duties:

Local Agency Financial Transactions Report Deadlines. Current 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. 2 and 3 of the bill.]

Healthcare District Annual Report Requirements. Current 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. 4-6 of the bill.]

State Revenue Impact

No estimate.

Comments

Purpose of the bill. SB 813 compiles, into a single bill, noncontroversial statutory changes to five parts of 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 one other bill, the Committee's measure avoids approximately \$18,000 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.

Support and Opposition (4/19/21)

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

Opposition: None submitted

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