

County Executive  
David Villanueva

Governmental Relations and  
Legislative Officer  
Elisia De Bord



## County of Sacramento

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April 8, 2025

The Honorable Heather Hadwick,  
California State Assembly  
State Capitol  
Sacramento, CA 95814

Re: AB 964 (Hadwick): Commission on State Mandates: state mandates.  
Support (As amended March 27, 2025)

Dear Assembly Member Hadwick:

On behalf of the Sacramento County Board of Supervisors, I write to support your AB 964, which provides sensible fiscal relief and the fiscal flexibility necessary for efficient, modern governance by local agencies. The state mandate reimbursement process, and administrative issues therein generally, have long burdened local governments and our organizations continue to support efforts to reform the current process.

### Reimbursable State Mandate Process: Long and Uncertain

Every year, the Governor signs, on average, more than 1,000 bills and enacts new laws in the interest of governing California. Many new laws require local governments to implement new programs or provide new services. Laws that require local government entities to implement new programs or provide higher levels of service **to the public are often referred to as "reimbursable state mandates."**

Local governments are required to comply with all laws that create new state-mandated programs and services. When those new initiatives do not come with an appropriation of funds to carry them out, local governments only receive funding to carry out many state-mandated programs through reimbursement payments from the state long after the fact, and only when a state body has adjudicated the matter through a convoluted claims process.

Reimbursement for local governments to comply with new state-mandated programs is not automatic. Local governments initiate the process to receive reimbursement approval via the Commission on State Mandates, which may take a year or more to determine whether the new law meets the constitutional criteria for reimbursement—and even longer to establish a process and rate for reimbursement. Therefore, local governments comply with new costly laws pending reimbursement status, often

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funding these programs alone for years, facing the uncertainty of reimbursement. Local governments comply with all other state mandates using local revenues.

**Backlog of Unreimbursed State-Mandated Costs Owed to Local Governments**  
Over the years, the state has accrued a significant backlog of funds owed to local governments for work performed to carry out state-mandated projects. According to **the State Controller's Office**<sup>1</sup>, as of October 2024 the state owes local governments collectively \$883.3 million, including estimated accrued interest. This nearly \$1 billion figure includes funds owed for claims for active state-mandated programs, unpaid claims from prior fiscal years, **and outstanding "incorrect reduction" claims filed with the Commission on State Mandates.**

How This Measure Helps

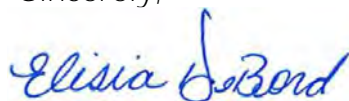
**Even after a reimbursement is issued, an audit or review by the State Controller's Office** may reduce the reimbursement amount paid by disallowing previously approved payments years after the fact. The local government then must pay that disallowed amount back to the state. These repayments must occur even if the state has other outstanding debts owed to that local government. For some local governments, especially communities with constrained budgets, repaying even a portion of their reimbursement claims causes fiscal strain.

This measure will authorize the Controller to allow a local government to offset any reduced reimbursement from other unpaid reimbursement claims, instead of clawing back funds while still owing debts to that local government. This mechanism will provide financial relief for cash-strapped local governments and retains critical funding for under-resourced communities.

Local governments continue to support efforts to modernize the state mandate claiming and reimbursement process. AB 964 represents a modest, but important, step towards these reform efforts and provides needed fiscal flexibility for local agencies. For these reasons, we are pleased to support AB 964. Should you have any questions regarding our position, please do not hesitate to contact us.

For these reasons, Sacramento County supports AB 964. Please feel free to contact me at (916) 874-4627 or [deborde@saccounty.gov](mailto:deborde@saccounty.gov).

Sincerely,



Elisia De Bord

Governmental Relations and Legislative Officer

cc: Sacramento County Delegation  
Sacramento County Board of Supervisors  
Audrey Ratajczak, Cruz Strategies

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<sup>1</sup> [State Controller's Office AB 3000 State-Mandated Program Cost Report of Payments and Appropriations \(October 31, 2024\)](#)