

## SAM - BUDGETING

### FISCAL IMPACT ON LOCAL GOVERNMENT

6605

(Revised and renumbered from 6620 on 3/2009)

Subdivision (a) of Article XIII B provides that whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates:

1. Legislative mandates requested by the local agency affected.
2. Legislation defining a new crime or changing an existing definition of a crime.
3. Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

Subdivision (c) of Article XIII B provides that a mandated new program or higher level of service includes a transfer by the Legislature from the state to cities, counties, cities and counties, or special districts of complete or partial financial responsibility for a required program for which the state previously had complete or partial financial responsibility.

Government Code Sections [17500](#) et seq. require the state to reimburse local agencies and school districts for any costs that they are required to incur after July 1, 1980, as a result of a statute enacted or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program.

Government Code Section [17516](#) defines “executive order” as:

Any order, plan, requirement, rule, or regulation issued by any of the following: (1) the Governor, (2) any officer or official serving at the pleasure of the Governor, or (3) any agency, department, board, or commission of state government.

It is important to note that only those executive orders which implement state statutes that impose a mandate on local governments fall within the purview of Section 6 of Article XIII B of the California Constitution, and that any regulation listed as a statutory exception under subdivisions (a) through (g) of Government Code Section [17556](#) may have a fiscal impact, but is not a state reimbursable mandate. Specifically, any costs which local governments incur as the result of a regulation which implements a ballot measure approved by the voters, a court order, or a federal directive would not be reimbursable by the state; however, as described in the following sections, the issuing state agency is nevertheless required to include an estimate of these non-reimbursable costs.