SENATE RULES COMMITTEE AB 1908

Office of Senate Floor Analyses

(916) 651-4171

THIRD READING

Bill No: AB 1908

Author: McKinnor (D), et al.

Amended: 6/3/26 in Senate

Vote: 27 - Urgency

SENATE JUDICIARY COMMITTEE: 13-0, 6/23/26

AYES: Umberg, Niello, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Valladares, Wahab, Weber Pierson, Wiener

ASSEMBLY FLOOR: 77-0, 4/23/26 - See last page for vote

SUBJECT: Settlement agreements: victims' compensation funding

SOURCE: County of Los Angeles

DIGEST: This bill applies Code of Civil Procedure (Code Civ. Proc.) Section 664.6 to specified settlement agreements resolving tort claims against a local public entity.

ANALYSIS:

Existing law:

1) Provides that if parties to pending litigation settle the matter, the court may enter judgment pursuant to the terms of the settlement and, upon stipulation by the settling parties, dismiss the settling parties without prejudice while retaining jurisdiction over the parties to enforce the settlement. (Code Civ. Proc. § 664.6.)

2) Defines "local public entity" as a county, city, district, public authority, public agency, and any other political subdivision or public corporation in the state, but does not include the Regents of the University of California and does not include the state or any office, officer, department, division, bureau, board, commission or agency of the state claims against which are paid by warrants drawn by the Controller. (Government (Gov.) Code § 970.)

This bill:

1) Provides that paragraph 2), below, applies to a settlement agreement resolving a tort claim against a local public entity if:
   a) a civil action arising from the tort claim has not yet been filed or has been voluntarily withdrawn by the plaintiff; and
   b) the claim is eligible for payment from a victims' compensation fund or other victim-related financial assistance program established by the local public entity.
2) Provides that a settlement agreement that meets the requirements of paragraph 1) may be enforced in a subsequent action under Code Civ. Proc. Section 664.6 if both of the following conditions are satisfied:
   a) the agreement is in a writing signed by the claimant and the local public entity or its authorized representatives; and
   b) the agreement expressly states that it is enforceable pursuant to Code Civ. Proc. Section 664.6.

Comments

According to the author:

> Public agencies have an obligation to provide essential services that Californians rely upon. AB 1908 allows public agencies to resolve legitimate claims in a financially responsible way while preserving essential safety net services.

The author provides the following background:

> Issues with setting up a self-funded victims' compensation fund arise when a public entity doesn't have the cash on hand to finance the fund, and, instead, seeks to finance such a fund with judgment obligation bonds. While court judgements and settlements can be financed with judgement obligation bonds under the code, current law fails to contemplate utilizing judgement obligation bonds to finance a victims' compensation fund. Los Angeles County is sponsoring AB 1908 to create that legal mechanism, which will permit public entities to finance victims' funds with obligation bonds by ensuring that such funds are considered enforceable obligations under the law, which will permit a public entity to finance a victims' compensation fund without violating the Constitutional debt limit.

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

SUPPORT: (Verified 6/25/26)

County of Los Angeles (source)
Urban Counties of California
California State Association of Counties

OPPOSITION: (Verified 6/25/26)

None received

ARGUMENTS IN SUPPORT:

The County of Los Angeles writes the following as sponsors of this bill:

> Public entities are facing growing legal exposure and rising costs for civil claims. As a result, funding these claims has become increasingly difficult. One option that many jurisdictions, including Los Angeles, have explored is the establishment of a self-funded victims' compensation program, which can provide fair compensation to claimants more quickly than litigation. The challenge, however, is financing such a fund when the public entity lacks sufficient available cash for it.
>
> This is where judgment obligation bonds can be instrumental. Judgment obligation bonds are recognized in the California Code of Civil Procedure as a common mechanism for public entities to pay civil awards from bench and jury trials as well as court-approved settlements. Current law, however, limits the use of judgment obligation bonds to these types of legal obligations. We seek to extend the same framework to victims' compensation funds. AB 1908 would create the legal mechanism to do exactly that.

The Urban Counties of California and the California State Association of Counties write the following in support of this bill:

> As you are keenly aware, counties, as well as other local agencies, are facing significant legal exposure and considerable costs for civil claims. As

a result, funding these claims has become especially difficult. Los Angeles County, for example, faces many billions of dollars in liability stemming from claims of childhood sexual assaults occurring at several county-run youth facilities. One avenue to help facilitate payments to claimants is a self-funded victims' compensation fund. The challenge, however, is financing the fund when cash is not readily available. Obligation bonds are commonly used to pay awards from bench and jury trials, as well as court-approved settlements. Current law, however, limits their use to these types of legal obligations. The Code of Civil Procedure does not allow obligation bonds to finance a victims' fund. AB 1908 provides the legal mechanism to do exactly that.

AB 1908 addresses a statutory gap by giving counties the flexibility to consider creating a victims' fund to cover civil liabilities that are so large as to necessitate the use of obligation bonds.

ASSEMBLY FLOOR: 77-0, 4/23/26
AYES: Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas
NO VOTE RECORDED: Addis, Celeste Rodriguez, Wicks

Prepared by: Margie Estrada / JUD. / (916) 651-4113
6/26/26 13:09:14

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