

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 577 (Laird) – As Amended July 9, 2025

Policy Committee: Judiciary

Vote: 11 - 1

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill implements changes to limit childhood sexual assault claims filed against public entities and to facilitate financing of judgments and settlements for such actions.

Specifically, among other provisions, this bill:

- 1) Makes numerous amendments to the Code of Civil Procedure that will, collectively, limit the number of childhood sexual assault claims that may be filed against public entities and limit the damages that may be recovered for such claims.

These amendments include, among others, eliminating availability of treble damages for a civil action against a public entity defendant, prohibiting refiling of certain cases after more than five years have elapsed, imposing heightened filing requirements on a plaintiff who is over the age of 40, requiring a plaintiff who is over the age of 40 to prove a public entity acted with gross negligence, and providing new authority to the court to review damages awarded by a jury.

- 2) Requires that any civil action against the County of Los Angeles arising out of a childhood sexual abuse claim that allegedly occurred at, by, or under the supervision of the MacLaren Children's Center or any other juvenile probation facility or detention center operated by the Los Angeles County Probation Department that was closed on or before January 1, 2020, be commenced on or before January 1, 2026.
- 3) Changes how tort action judgments and settlement agreements and related bonds, bond-related documents, credit reimbursement, or other agreements are treated for the purpose of determining the validity of refunding bonds.
- 4) Establishes a process by which a covered educational entity may participate in a state or local intercept, operated by the State Controller, for debt incurred for any reason, including tort liability.
- 5) Requires an emergency apportionment made to a school district be repaid within 30 years (rather than 20 years under existing law) and requires the Department of Finance, in consultation with specified entities, to determine the term for repayment of an emergency apportionment.

FISCAL EFFECT:

- 1) Unknown fiscal impacts on the courts. This bill makes numerous procedural changes that apply to civil actions alleging childhood sexual abuse against public entities. As noted below, thousands of these actions have been initiated in recent years against public entities. It is not clear how the bill's many changes will impact court workload; some changes may reduce the number of cases before the courts and therefore reduce workload, while others may add workload, such as providing court with review authority over specified awards. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.
- 2) Cost pressures (General Fund) of an unknown but likely significant amount due to the extension of the repayment period for specified emergency apportionments. While an extended repayment period may enable a school district to better balance annual debt service and other fiscal obligations, it will likely result in lower annual payments to the General Fund, making less revenue available for other purposes and increasing pressure on the fund.
- 3) Costs (General Fund) of an unknown but potentially significant amount to the State Controller to oversee additional apportionments and revenue transfers authorized by this bill.
- 4) Minor and absorbable costs to the Department of Finance (DOF) to consult with county superintendents and the Fiscal Crisis and Management Assistance Team (FCMAT) and determine repayment terms, though DOF notes it expects the frequency for emergency apportionment loans to increase in the future.
- 5) Costs (General Fund) of an unknown amount to the Department of Education to provide input to DOF on emergency apportionments.

COMMENTS:

Generally, unless a statute provides otherwise, a person must file a tort action within two years of when the person incurred the harm that forms the basis for the action, or, depending on the type of harm, two years after the person discovered, or reasonably should have discovered, the harm. Over the years, the Legislature has extended the statute of limitations for actions alleging childhood sexual assault to give survivors more time to file claims based on abuse they experienced. These changes were made in acknowledgment that victims of childhood sexual assault often delay reporting the abuse they experienced, or that they may not even understand that they experienced abuse until well into adulthood.

AB 218 (Gonzalez) Chapter 861, Statutes of 2019, allowed a plaintiff to file a lawsuit up to 22 years after they turned age 18, or within five years of when the plaintiff discovered or reasonably should have discovered a psychological injury stemmed from childhood sexual assault. AB 452 (Addis), Chapter 655, Statutes of 2023, prospectively eliminated the statute of limitations for claims of childhood sexual assault. The Legislature has also authorized revival periods in which, for a limited time, survivors were permitted to file childhood sexual abuse actions that were otherwise barred by the statute of limitations.

While these measures sought to provide justice and compensation for victims of childhood sexual abuse, they have also had a significant fiscal impact on public entities against whom such actions are filed. In particular, numerous lawsuits have been filed against schools and youth

detention facilities alleging abuse by teachers, administrators, and probation officers, among others. While many claims are pending adjudication, government entities are preparing to pay unprecedented amounts to settle these claims. For example, earlier this year, Los Angeles County reached a \$4 billion tentative agreement to settle more than 6,800 claims of sexual abuse dating back to 1959. These claims largely arose from abuse of children incarcerated by the Los Angeles County Probation Department at MacLaren Children's Center. Public entities without claims against them are also impacted by this surge in litigation and settlements; public entity insurance premiums have increased significantly in recent years and some entities have struggled to find insurance coverage at all.

In 2024, due to the significant liability exposure faced by public entities from these claims, the Legislature required the FCMAT – which typically provides fiscal crisis management assistance to struggling school districts and county offices of education – to complete a report that includes recommendations about funding and financing mechanisms to help finance judgments or settlements arising from claims of childhood sexual abuse against public entities. The financing portions of this bill are based on some of FCMAT's recommendations. As described in more detail in the analysis of this bill by the Assembly Judiciary Committee, the bill also makes numerous changes to the court procedures, burden of proof, and judicial oversight for cases alleging childhood sexual abuse, with the goal of reducing the burden of liability on public defendants while providing justice for the harms that have been inflicted on potential plaintiffs by government entities.

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