



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: September 18, 2024

SUBJECT: SACRS Legislative Update—September 2024

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for September 2024.

PURPOSE

This item complies with the Strategic Management Plan goal of stakeholder communication and outreach by participating in the legislative process to monitor changes in state law affecting public pension plans.

DISCUSSION

The attached report highlights recent legislative activity affecting California public pension plans and is produced by SACRS' legislative advocates.

SACRS is composed of the 20 systems operating under the County Employees' Retirement Law. The association's mission is to provide education and analysis to trustees and staff so that they can be more effective stewards of their systems' pension plans.

ATTACHMENTS

- Board Order
- SACRS Legislative Update—September 2024

Prepared by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
September 18, 2024

AGENDA ITEM:

SACRS Legislative Update—September 2024

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for September 2024.

I HEREBY CERTIFY that the above order was passed and adopted on September 18, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:

(Present but not voting)

Board President

Eric Stern
Chief Executive Officer and
Board Secretary



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
Laurie Johnson, LJ Consulting & Advocacy
RE: **Legislative Update – September 2024**

Capitol Update

The 2023-24 Legislative Session ended with some bangs but a lot of whimpers. There were the usual last week “gut and amends” that had many advocates running around the Capitol, but there were some high-profile packages, like the Pro-Tem’s clean energy bills and two major reparations bills that were stalled. Of note, that in the last hours of Session, the Governor called for a Special Session to address gas prices. While the Assembly adopted procedural rules and convened the Second Extraordinary Session, whereas Senate Leader McGuire said he would not convene a special session but is “working with Newsom and Speaker Rivas on the issue.” Time and power plays will tell what becomes of this effort, where 100 out 120 seats are up for election - legislators are eager to return to their districts to continue campaigning before the November election. The Governor has until Monday, September 30th to act on the hundreds of bills passed by the Legislature.

SACRS is tracking the following bills:

- **SB 1189 (Limon)** – This bill authorizes the Ventura County Employees’ Retirement Association to appoint a Chief Technology Officer. Status: This bill was signed by the Governor on 7/15
- **SB 1379 (Dodd)** – This bill creates an exception to PEPRA from the 960-hour limitation on retired public employees working after retirement for hours worked in an appointment by Solano County Sheriff’s Office. Status: This bill was passed by the Legislature on 8/23 and is awaiting action by the Governor.
- **AB 2284 (Grayson)** – The bill amends the definition of “compensation earnable” to define a work classification “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. The bill was amended on 6/27 to include a provision that requires the Board of Supervisors to pass a resolution to allow for the language to become



operational within the jurisdiction. The SACRS Board met on July 18th and took an Oppose position. Status: This bill passed the Legislature and is awaiting action by the Governor.

- **AB 2301 (Nguyen)** – This bill, the Sacramento Area Sewer District Pension Protection Act of 2024, provides for the continuation of benefits and pension obligations for employees transferring from the County of Sacramento to the Sacramento Area Sewer District. Status: This bill was signed by the Governor on 7/2.
- **AB 2474 (Lackey)** – This is a SACRS-sponsored bill and was amended in Committee to allow LACERA-only to deposit retirement allowances into prepaid accounts until January 1, 2028, as a pilot program. The bill also provides clarity regarding the ability of a system to deposit pension payments in a member’s living trust bank account. The bill also clarifies potential consequences when a retiree exceeds the 960-hour post-retirement employment limit and provides systems with administrative flexibility on that matter. This bill was signed by the Governor on 7/15.
- **AB 2770 (Committee on Public Employment and Retirement)** – This is the annual housekeeping bill that includes various technical amendments for CalPERS, CalSTRS, and '37 Act systems. SACRS is a co-sponsor of the bill. The bill removes the “return receipt” requirements as part of current procedures in statute that systems must follow to locate members and beneficiaries. The bill also conforms the sunset date of January 1, 2025, to the Labor Code for the recently added disability presumption for post-traumatic stress disorder. Status: This bill was signed by the Governor on 7/15.
- **AB 3025 (Valencia)** – This bill creates a framework for making benefit corrections and contribution refunds when disallowed compensation is inadvertently included in pension calculations. This bill includes a penalty to be paid by the employer to the member if compensation is later determined to be disallowed. The bill also includes language that is intended to protect a system’s *Alameda* correction process currently underway. The SACRS Legislative Committee is working with the bill’s author and sponsor to ensure '37 Act systems can properly implement the bill, consistent with IRS regulations. The bill was amended on 6/27 to expressly state that confidential information is not subject to the California



Public Records Act. The author has also agreed to accept one last amendment that clarifies “Initiated a process” to mean a system has formally adopted a resolution “*or made an administrative determination*”. Status: The bill was passed by the Legislature on 8/22 and is awaiting action by the Governor.

SACRS is also monitoring the following bills that do not impact the '37 Act systems but are of interest:

- **SB 252 (Gonzalez)** – This bill prohibits CalPERS and CalSTRS from making new investments in a fossil fuel company and requires those systems to divest from fossil fuel companies by July 1, 2031, unless the board determines in good faith that the action is inconsistent with the board’s fiduciary responsibilities. Status: Dead. This bill was not taken up by the Assembly Public Employment and Retirement Committee.
- **SB 962 (Padilla)** – This bill provides that the California Public Employees’ Pension Reform Act permits a public employer to adopt a new defined benefit formula that is not consistent with PEPRA, if that formula is determined and certified by the chief actuary and the board of that employer’s retirement system to not have a greater risk or greater cost to the sponsoring employer than the defined benefit formula required by PEPRA. Approves a specified defined benefit formula applicable to employees of the San Diego Unified Port District. The bill was signed by the Governor on 7/15.
- **AB 817 (Pacheco)** -. The bill would have provided flexibility for local government agencies to conduct remote meetings under Open Meeting laws. Specifically, this bill would have allowed a subsidiary body of a local agency to teleconference their meetings without having to publicly notice or make all locations publicly available. Status: Dead. This bill did not pass out of the Senate Local Government Committee.
- **SB 1240 (Alvarado-Gil)** – This bill provides for the continuation of pension benefits for employees of El Dorado County Fire Protection District and the Diamond Springs Fire Protection District under a new consolidated district. Status: This bill was passed by the Legislature on 8/22 and is awaiting action by the Governor.
- **AB 2715 (Boerner)** – This bill allows a legislative body to discuss a



threat to critical infrastructure controls or critical infrastructure information relating to cyber security during a closed session. Status: This bill was passed by the Legislature on 8/20 and is awaiting action by the Governor.