



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: March 18, 2020

SUBJECT: State Association of County Retirement Systems
Legislative Update – March 2020

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Staff recommends that the Board receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for March 2020.

PURPOSE

This item complies with the 2019-20 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 at Edelstein Gilbert Robson & Smith, LLC.

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

- SACRS Legislative Update – March 2020

Prepared by:

/S/

Eric Stern
Chief Executive Officer



March 5, 2020

TO: State Association of County Retirement Systems

FROM: Mike Robson, Trent Smith, and Bridget McGowan, Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – March 2020**

Overview

The Legislature recently reached its first major legislative deadline of 2020, the bill introduction deadline on February 21. From January 6 to the February 21, over 2,200 bills were introduced between the Assembly and the Senate. A large proportion of the introduced bills are “spot bills,” which are bills that are introduced as placeholders until the author can finalize language to amend into the bill. These bills must be amended with more substantive language in the coming weeks before being referred to committee for a hearing.

All bills need to be in print for 30 days before being heard in a Committee so that the public and stakeholders have ample time to review the bills. Because of this, we will expect to see committee hearings start to ramp up at the end of March. Spot bills, however, can be amended with substantive language right up until they are set for committee, leaving a shorter window for review.

The Legislative Committee will begin the bill review process of the bills with substantive language. Led by the Committee’s co-chairs Eric Stern and Dave Nelsen, the Legislative Committee will read and analyze the bills that have been flagged for potential impact on CERL systems or indicate trends regarding retirement and pensions that could impact CERL systems down the road.

When the spot bills are amended with substantive language at the end of March, the Legislative Committee will complete another iteration of the bill review process and determine how or if any of the bills have an impact on SACRS members.

CERL Legislation

SB 783 (Committee on Labor, Public Employment and Retirement) – SACRS Sponsored Bill. This cleanup bill makes technical changes to withdrawn employer liabilities, service purchase for parental leave, military leave, board approval of

retirements, 60-day advance application windows, reinstatement from retirement and lump sum payments for minimum age distribution.

This bill is in its second house and will likely be heard in the Spring.

AB 2937 (Fong) - Nonservice-Connected Disability. This bill would authorize a county board of supervisors to adopt a resolution that would remove the intemperate use of alcoholic liquor or drugs as a factor in the calculation of a nonservice-connected disability retirement allowance. The goal of the bill is to modernize the statute to reflect contemporary views of alcohol and drug addiction. If viewing alcohol and drug use from a disease perspective rather than a moral failure, the benefit limitation therefore would be discriminatory and financially punitive for that member.

The bill is authored by Assemblymember Vince Fong, a republican from the 34th Assembly District, which encompasses most of Kern County.

The bill was introduced on February 21.

Other Legislation

The Legislature is focused on worker classification and independent contractors. Dozens of bills have been introduced on the subject this year, most of them from Republicans who are hostile towards AB 5 (Gonzalez) from last year. In summary, AB 5 codified the 2018 California Supreme Court “Dynamex Decision” and exempted industries who do not fall neatly under the court decision’s “ABC test” that classifies workers as employees or independent contractors. The goal was to ensure that workers are not being misclassified as independent contractors when they are operating like employees. We expect this issue to remain extremely contentious and dominate the conversation in the Legislature this year.

Also big on the legislative agenda is climate change. The Legislature is planning for the creation of climate resiliency bonds to mitigate the impacts of climate change on the state’s resources. If passed out of the Legislature, these would be placed on the ballot and considered by the public for a final vote.