SCERS
Sacramento County Employees' Retirement System

Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: **September 16, 2026**

SUBJECT: **State Association of County Retirement Systems (SACRS) Legislative Update—September 2026**

SUBMITTED FOR: **____ Action** **_X_ Information**

RECOMMENDATION

Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for September 2026.

PURPOSE/STRATEGIC PRIORITY

This item complies with the Strategic Management Plan objective to sustain board governance effectiveness 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 2026

Prepared by:

/S/

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Eric Stern
Chief Executive Officer

Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
September 16, 2026

AGENDA ITEM:

State Association of County Retirement Systems (SACRS) Legislative Update—September 2026

THE BOARD OF RETIREMENT hereby approves the Staff recommendation to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for September 2026.

I HEREBY CERTIFY that the above order was passed and adopted on September 16, 2026 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

Chris Giboney Board President	Eric Stern Chief Executive Officer and Board Secretary

TO: State Association of County Retirement Systems
FROM: Cara Martinson, Capitol Advocacy
Laurie Johnson, LJ Consulting & Advocacy
DATE: September 3, 2026

RE: Legislative Update – September

The 2025–26 legislative session is officially in the books, although the final days in Sacramento looked very little like a traditional end-of-session sprint. Lawmakers adjourned Tuesday afternoon after a chaotic final weekend in which major legislation, budget agreements and policy deals continued to surface almost until the last possible moment.

The numbers alone tell part of the story. More than 4,200 bills were introduced during the two-year session, and an unprecedented 71 measures were amended after the customary August 21 deadline for floor amendments—almost three times the previous record. That unusually heavy volume of late amendments meant legislators were still working through significant policy changes when, under normal circumstances, the major work of the session would have already been finished.

The Legislature was also up against the August 31 constitutional deadline for passing majority-vote legislation. Because bills generally must be publicly available for 72 hours before a final vote, Friday was expected to be the last realistic opportunity for major amendments. Instead, some of the session's most important agreements arrived after that window had effectively closed. Budget bills were posted late Friday and into Saturday morning, and negotiations over wildfire legislation continued overnight before the final agreement was released on Saturday. Lawmakers ultimately returned Tuesday to finish the remaining work.

The biggest surprise came at the end. SB 492, the product of negotiations between legislative leaders and Governor Gavin Newsom on California's increasingly difficult wildfire liability and financing system, never received a vote in the Assembly. Speaker Robert Rivas declined to bring the measure to the floor, leaving unresolved a broader effort to determine how the costs of catastrophic wildfires should be shared among utilities, insurers, wildfire survivors and utility customers when utility equipment is found responsible.

While the wildfire agreement dominated the final drama, the budget package covered a wide range of other issues. Lawmakers approved spending and policy measures involving climate programs and Proposition 4, health care, education and labor, as well as numerous district-specific appropriations.

Several of the year's largest policy debates also remained front and center through adjournment. Artificial intelligence continued to generate legislation involving privacy, employment and the protection of children, while the rapid expansion of data centers elevated a related set of questions about electricity demand, water use and infrastructure capacity. A late agreement was reached on California's film and television tax credit, but an effort to expand the state's research and development tax credit did not survive the final negotiations, in part because of concerns about a potential annual revenue loss estimated between $1 billion and $2 billion.

The final weeks also produced significant disputes over health care, housing, education, antitrust policy and wildfire liability, many of which are addressed in greater detail below.

The larger lesson from this year's session is that Sacramento left an unusual amount of business until the final days—and, in some cases, the final hours. Even with the regular session now over, the wildfire debate may not be finished. Governor Newsom has indicated that additional action remains possible, whether through future legislative action or proceedings before the Public Utilities Commission, and he has not ruled out convening a special session.

Legislative Update:

- **AB 1054 (Gipson)** - This bill would establish the Deferred Retirement Option Program (DROP) as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill was amended recently to add certain supervisory or managerial employees of the Department of the California Highway Patrol and the Department of Forestry and Fire Protection. The amendments added to the definition of annuitant for the purposes of eligibility a DROP participant whose deferred retirement date is within 120 days of separation from the DROP program. The bill also states that the DROP becomes effective and applicable only after: 1) the applicable Bargaining Unit has entered into a MOU with the employer to implement the program; 2) The program has been certified via an actuarial analysis that it is cost neutral by the CalPERS Board of Administration; and 2) CalPERS has adopted regulations to implement and administer the program.
    - Status: The bill passed out of the Legislature and is waiting action by the Governor

  - Position: No Position/Watch

- **AB 1383 (McKinnor)** – The bill passed out of the Legislature and is awaiting action by the Governor. The bill includes the following provisions:
  - Increases, on and after January 1, 2027, the PEPRA pensionable compensation limit to the Social Security compensation limit for members covered by Social Security and 120% of that amount for members not covered by Social Security;
  - Freezes existing 2013 PEPRA safety formulas to apply only to service from January 1, 2013, to December 31, 2026 and lowers the retirement age on a prospective basis from age 57 to 55 for three existing safety DB retirement formulas;
  - Authorize a public employer to create a fourth PEPRA safety formula of three percent (3%) at age 55, to be applied prospectively.
  - Amendments earlier this year removed a provision that would have permitted collective bargaining over the 50-50 normal cost sharing requirement.
  - Status: This bill is awaiting action by the Governor.
  - Position: Neutral

- **AB 1439 (Garcia**) - The bill would have required labor protection standards on pension system investments in development projections. The bill was amended coming out of the Assembly to now require CalPERS and CalSTRS to contract with the University of California Labor Centers to conduct an independent study to determine the impacts on public employee retirement funds of prohibiting the boards from investing in California development projects that do not provide labor standards protections for workers. The bill no longer applies to the CERL systems and removes SACRS' opposition.
  - Status: The bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 1601 (Rogers)** – This bill would permit the county Board of Supervisors for Sonoma County to authorize a cost-of-living adjustment to the retirement allowances, optional death allowances, or annual death allowances payable by the retirement system.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: Neutral

- **AB 1619 (Valencia)** –This bill allows county Boards of Supervisors to authorize an increase in the Board of Retirement trustee per diem from $100 to $320. The bill would then require action by the Board of Retirement to establish the increased compensation rate. This bill was amended to apply the same increase in compensation to CalPERS and CalSTRs Board Members.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: Neutral

- **AB 1660 (Schiavo)** – This bill was amended to now permit, as opposed to require, a court to award sanctions of no less than $1,000 per violation if a financial institution, private agency, retirement fund administrator, insurance company, or other person fails to comply with existing requirements to provide information or surrender property of a decedent, minor, or conservatee to a public administrator or public guardian that is authorized to take possession and control of such property. Recent amendments require that the financial institution or other person or entity must receive notice of a violation.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 1844 (Pacheco)** – This bill modifies the Judges' Retirement System II, to give judges more flexibility in designating beneficiaries for their retirement benefits. This bill would authorize a judge who elects one of the optional retirement payment plans in lieu of receiving the maximum retirement allowance to designate a beneficiary other than their spouse to receive the payment or allowance after the judge's death, subject to the community property rights of the judge's spouse. Additionally, the bill extends existing survivor benefits to non-spouse beneficiaries, removing the stipulation that the judge must have served a minimum of 20 years if they die in office.
  - Status: This passed out of the Legislature and is awaiting action by the Governor.
  - Position: No position/watch

- **AB 2519 (McKinnor)** – The bill expands who must be included in the State Teachers' Retirement System (STRS) membership. Under current law STRS administers a defined-benefit retirement program funded by employer and employee contributions and applies to positions that generally require a valid credential or license; charter school positions were excluded. This bill adds permitholders and comparable positions at charter schools that receive state apportionment and perform specified directing, coordinating, supervising, or administrative functions to the definition of "position subject to membership." It also removes a board-triggered timing requirement and makes the new definition operative on July 1, 2027.

- Status: This bill passed out of the Legislature and is awaiting action by the Governor.
- Position: No position/watch

- **AB 2780 (Assembly Committee on Public Employment and Retirement) –** Public Retirement Systems: Omnibus Bill - This bill includes the SACRS-sponsored legislative package in the Legislature's annual omnibus bill for technical changes to laws affecting CalSTRS, CalPERS, and the CERL systems. The proposed changes in the CERL include the following:
  - Clarifying that deferred members cannot run for or vote in active member Miscellaneous and Safety trustee elections.
  - Establishing a 10-year statute of limitations for recovery of overpayments due to fraudulent reports of overpaid death benefits.
  - Formalizing the practice of the majority of CERL systems that only the last system pays a lump-sum burial allowance for reciprocal members.
  - Defining "concurrent retirement" to allow reciprocal members to retire on different dates with 30 days of each retirement date, as long as there is not overlapping service.
    - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
    - Position: Support

- **SB 1187 (Durazo)** – This bill was amended to remove language access requirements for the purposes of Act that were established by SB 707 from last year. Specifically, the bill would repeal several public participation and language access requirements established by SB 707, including requirements related to translation of meeting materials, interpretation services, multilingual website content, public outreach to underrepresented communities, and opportunities for the public to provide additional agenda translations. It would reduce the administrative obligations placed on eligible legislative bodies related to multilingual access and public engagement.
  - Status: This bill passed out of the Legislature and is awaiting action by the Governor.
  - No position/watch

- **SB 1207 (Laird)** – This bill authorizes CalPERS members to buy back not more than three years of service credit for their prior service in the California Conservation Corps (CCC). The bill also makes changes to CCC's statutes to clarify the scope of authorized projects and to specifically permit CCC to contract with corps established by California Native American tribes
  - Status: This bill was signed by the Governor and chaptered into law.
  - No position/watch

Contact:
If you have any questions, contact Cara Martinson at cmartinson@capitoladvocacy.com, or Laurie Johnson at lauriejconsult@gmail.com.