

**Public Employees' Retirement System  
Board of Administration  
2023-2024 Legislative Session  
State and Federal Update  
Status as of March 23, 2023**

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**Sponsored Bills**

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**SB 885 (Committee on Labor, Public Employment and Retirement)** Introduced: 3/14/2023

CalPERS Position: Co-Sponsor

**2023 Retirement Policy Omnibus Bill.** Among other provisions, authorizes the State Controller's Office to execute fund to fund transfers between the CEPPT Fund and PERF, caps the interest assessed on delinquent contracting agencies at ten percent on certain conditions, and authorizes a JRS II judge to designate a beneficiary when electing the return of remaining contributions (Option 1) post-retirement optional settlement when there is no surviving spouse.

*Action Taken: Communicated co-sponsorship to legislative committees, discussions with legislative staff*

*Location: 3/22/2023-Senate Labor, Public Employment and Retirement Committee*

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## Active State Bills

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**AB 658 (Fong, Mike)** Amended: 3/23/2023

CalPERS Position: N/A

**Postemployment Health Benefits for the City of San Gabriel.** Authorizes the City of San Gabriel (city) to provide employer contributions for postretirement health care coverage pursuant to a collectively bargained memorandum of understanding, rather than using existing schedules in the PEMHCA. This authority would only apply to specified employees hired by the city on or after January 1, 2023. Also requires the city to provide specified information to CalPERS and notice of the agreement with any additional information necessary to implement these benefits.

*Action Taken: Engaged with author's staff*

*Location: 3/23/2023-Assembly Public Employment and Retirement Committee*

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**AB 739 (Lackey)** Introduced: 2/13/2023

CalPERS Position: N/A

**Suspension of Required Contributions-PEPRA.** Revises one of the three conditions for suspending required contributions to a public retirement system defined benefit plan under the Public Employees Pension Reform Act (PEPRA) by increasing the minimum funded status to 130% from 120%. Under existing law, the other two conditions necessary for suspension are: 1) a determination by the system actuary that excess earnings may result in disqualification of federal tax status, and 2) a determination by the retirement board that additional contributions conflict with its fiduciary duty.

*Action Taken: Monitoring*

*Location: 2/23/2023-Assembly Public Employment and Retirement Committee*

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**AB 1091 (Wood)** Introduced: 2/15/2023

CalPERS Position: N/A

**Health Care Consolidation and Contracting Fairness Act of 2023.** Among other things, creates the Health Care Consolidation and Contracting Fairness Act that prohibits a contract issued, amended, or renewed on or after January 1, 2024, between a health care service plan or health insurer and a health care provider or health facility from containing terms that restrict the plan or insurer from steering an enrollee or insured to another provider or facility or require the plan or insurer to contract with other affiliated providers and facilities. Authorizes the appropriate regulating department to refer a plan or insurer's contract to the Attorney General (AG) or state entity charged with reviewing health care market competition to review a health care practitioner or health facility's entrance into contract containing specified terms. Medical groups, hospital or hospital systems, specified health facilities, health care service plans, health insurer, and pharmacy benefit manager would (1) be required to provide written notice to, and obtain the written consent of the Attorney General, at the same time as another state or federal agency is notified or otherwise and at least 90 days before entering an agreement or transaction that makes a specified material change with a value of \$15 million or more, (2) authorize the Attorney General to consent to, give conditional consent to, or not consent to this agreement and notify the entity of the decision within 90 days, which may be extended by one 45 day period under specified conditions, and (3) authorize the entities, within 10 calendar days of the AG's notification, to apply for reconsideration under specified circumstances. Prohibits an entity from entering into an agreement without the AG's written consent.

*Action Taken: Engaged with author's staff**Location: 3/2/2023-Assembly Committee on Health*

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**AB 1092 (Wood)** Introduced: 2/15/2023

CalPERS Position: N/A

**Consolidation of Health Care Service Plans.** Among other things, requires a health care service plan that intends to acquire or obtain control of an entity, as specified, to give notice to and secure prior approval from the Director of the Department of Managed Health Care. Authorizes the Director to disapprove a transaction or agreement if it would substantially lessen competition in the health system or among a particular category of health care providers and require the Director to provide information related to competition to the Attorney General. Revises the Director's authority to conditionally approve a transaction or agreement that is relevant to any of the parties to the transaction.

*Action Taken: Engaged with author's staff**Location: 3/2/2023-Assembly Committee on Health*

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**AB 1246 (Nguyen, Stephanie)** Amended: 3/16/2023

CalPERS Position: N/A

**Postretirement Optional Settlements.** Allows a retired member, who divorces after retirement and does not retain 100% of their retirement benefit, to designate their new spouse as the beneficiary of their postdivorce retirement settlement.

*Action Taken: Engaged with author's staff and key stakeholders**Location: 3/16/2023-Assembly Public Employment and Retirement Committee*

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**SB 252 (Gonzalez)** Introduced: 1/30/2023

CalPERS Position: Oppose

**Divestment from Fossil Fuel Companies.** Prohibits the CalPERS and CalSTRS boards from making new investments in fossil fuel companies, as defined, and requires both systems to divest existing fossil fuel company investments on or before July 1, 2030, if consistent with its fiduciary duty. Beginning on February 1, 2025, and annually thereafter, this bill requires each board to submit a report to the Governor and Legislature regarding any fossil fuel company holdings and divestments. Also, makes other conforming changes to cross-references relating to indemnification.

*Action Taken: Communicated opposition to legislative committees, engaged with broad range of stakeholders*

*Location: 2/9/2023-Senate Labor, Public Employment and Retirement Committee*

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**SB 253 (Wiener)** Introduced: 1/30/2023

CalPERS Position: N/A

**Disclosure of Greenhouse Gas Emissions.** Among other things, requires the State Air Resources Board to develop and adopt regulations that requires partnerships, corporations, limited liability companies and other business entities, as specified, to independently verify, as specified, and publicly disclose their scope 1,2, and 3 greenhouse gas emissions, as defined, for the year prior beginning in 2026 and annually thereafter. Allows the Attorney General to bring civil action against a reporting entity for violations of these provisions.

*Action Taken: Monitoring*

*Location: 3/15/2023-Senate Judiciary Committee*

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**SB 261 (Stern)** Amended: 3/27/2023

CalPERS Position: N/A

**Climate-Related Financial Risk Report.** Requires a corporation, partnership, limited liability company, or other business entity, as specified, to submit and make available, on or before December 31, 2024 and annually thereafter, on its website a climate-related financial risk report that discloses the entity's climate-related financial risk, as specified, and the measures it has adopted to reduce and adapt to the climate-related financial risk it has disclosed and to provide an affirmation statement to the Secretary of State. If, on or after January 1, 2023, a federal law or regulation requires a corporation, partnership, limited liability company, or other business entity to prepare and submit an annual report with information that is materially similar to this bill, that report will satisfy the requirements of this bill. Requires the Climate-Related Risk Disclosure Advisory Group to collect and review these reports and to prepare a public report, as specified, and regularly convene representatives, as specified, to offer input on current best practices for climate-related financial risk disclosure, as specified, and monitor federal regulatory actions and nonindependent regulators, as specified.

*Action Taken: Monitoring*

*Location: 3/15/2023-Senate Judiciary Committee*

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**SB 300 (Seyarto)** Introduced: 2/2/2023

CalPERS Position: N/A

**Public employees' retirement: fiscal impact: LAO.** Requires the Legislative Analyst's Office to provide a fiscal impact analysis on any bill, introduced on or after January 1, 2024, that is referred to the Senate Labor, Public Employment and Retirement Committee relating to CalPERS.

*Action Taken: Monitoring*

*Location: 2/22/2023-Senate Labor, Public Employment and Retirement Committee*

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**SB 548 (Niello)** Introduced: 2/15/2023

CalPERS Position: N/A

**County and Trial Court Retirement Contracts.** Allows a county and a trial court located within that county to jointly voluntarily elect to separate the joint retirement contract into individual contracts. The bill prohibits the contract separation from modifying the retirement benefit levels that the employees had under the joint contract. Makes other technical, non-substantive changes.

*Action Taken: Monitoring*

*Location: 2/22/2023-Senate Labor, Public Employment and Retirement Committee*

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**SB 637 (Min)** Amended: 3/22/2023

CalPERS Position: N/A

**State Agency Ban on Financial Institutions the Conduct Business with Firearm and Ammunition Manufacturers.** Prohibits a state agency from entering into a contract with, depositing state funds with, or receiving a loan from a financial institution that invests or makes loans to a company that manufactures firearms or ammunition. A state agency or the Treasurer is not required to comply if complying would impair their constitutional responsibilities or fiduciary duties.

*Action Taken: Monitoring*

*Location: 2/16/2023-Senate Rules Committee*

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**SB 660 (Alvarado-Gil)** Amended: 3/21/2023

CalPERS Position: N/A

**California Public Retirement System Agency Cost and Liability Panel.** Establishes the California Public Retirement System Agency Cost and Liability Panel (Panel) to provide information on the pension costs and liability assumed by employers that participate in a public retirement system. The Panel shall have its first meeting no later than March 31, 2024 and shall meet quarterly beginning on April 1, 2024. The Panel shall submit a report of its findings and recommendations to the Legislature no later than December 31, 2024 regarding the financial impacts on participating employers when an employee transfers from one employer within one retirement system to another employer within the same retirement system and when an employee transfers to an employer within a reciprocal retirement system and concurrently retires under two or more systems.

*Action Taken: Monitoring*

*Location: 2/16/2023-Senate Rules Committee*

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## Federal Bills

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**H.R. 82 Rep. Graves, Garret [R-LA-6]** Introduced: 1/9/2023

CalPERS Position: N/A

**Social Security Fairness Act of 2023.** Eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. It also eliminates the government pension offset, which in various instances reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. These changes are effective for benefits payable after December 2023.

*Action Taken: Monitoring*

*Status: 1/9/2023 - Referred to the House Committee on Ways and Means.*

*Note: S. 597 (Brown D-OH) is companion legislation that was introduced on March 1, 2023. Staff is monitoring this companion legislation.*

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**H.J.Res. 30 Rep. Barr, Andy [R-KY-6]** Vetoed by the President: 3/20/2023

CalPERS Position: N/A

**Congressional Review Act Resolution.** Rescinds the recently finalized Department of Labor rule "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights" which, among other things, allows ERISA plan fiduciaries to select investments and investment courses of action based on an evaluation of the economic effects of climate change and other sustainable investing factors.

*Action Taken: Monitoring*

*Status: 3/20/2023 - Vetoed by the President.*

*Note: From the President's veto message: "There is extensive evidence showing that environmental, social, and governance factors can have a material impact on markets, industries, and businesses.... Retirement plan fiduciaries should be able to consider any factor that maximizes financial returns for retirees across the country. That is not controversial — that is common sense."*

*A House vote to override the veto failed on March 23, 2023.*

*S.J.Res. 8 (Braun R-IN) is companion legislation that was introduced on February 7, 2023. Staff is monitoring this companion legislation.*

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**S. 113 Sen. Grassley, Chuck [R-IA]** Introduced: 1/26/2023

CalPERS Position: N/A

**Prescription Pricing for the People Act of 2023.** Requires the Federal Trade Commission (FTC) to report about anticompetitive practices and other trends within the pharmaceutical supply chain that may impact the cost of prescription drugs. The FTC also must provide recommendations to increase transparency in the supply chain and prevent anticompetitive practices.

*Action Taken: Monitoring*

*Status: 3/1/2023 - Placed on Senate Legislative Calendar under General Orders. Calendar No. 19.*

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**S. 127 Sen. Cantwell, Maria [D-WA]** Introduced: 1/26/2023

CalPERS Position: N/A

**Pharmacy Benefit Manager Transparency Act.** Prohibits certain Pharmacy Benefit Manager (PBM) practices including spread pricing, in which a PBM charges a health insurance plan more than it reimburses the pharmacy for a drug. It allows exceptions for PBMs that pass all drug discounts, known as rebates, to health plans and disclose information such as certain costs, discounts, fees and payments they receive for their services. It also grants the Federal Trade Commission the authority to ensure compliance with these measures.

*Action Taken: Monitoring**Status: 3/22/2023 - Senate Committee on Commerce, Science, and Transportation. Ordered to be reported with an amendment in the nature of a substitute favorably.*

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**S. 142 Sen. Klobuchar, Amy [D-MN]** Introduced: 1/30/2023

CalPERS Position: N/A

**Preserve Access to Affordable Generics and Biosimilars Act.** Authorizes the FTC to initiate proceedings against drug companies that are parties to any agreement resolving or settling a patent infringement claim in connection with the sale of a drug or biological product (also known as “pay-for-delay” agreements).

*Action Taken: Monitoring**Status: 3/1/2023 - Placed on Senate Legislative Calendar under General Orders. Calendar No. 20.*

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**S. 148 Sen. Klobuchar, Amy [D-MN]** Introduced: 1/30/2023

CalPERS Position: N/A

**Stop STALLING Act.** Enables the FTC to deter filing of sham citizen petitions to cover an attempt to interfere with approval of a competing generic drug or biosimilar and facilitates the efficient review of petitions filed in good faith that raise legitimate public health concerns. It also enables the FTC to levy fines or sue manufacturers in court.

*Action Taken: Monitoring**Status: 3/1/2023 - Placed on Senate Legislative Calendar under General Orders. Calendar No. 21.*

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**S. 150 Sen. Cornyn, John [R-TX]** Introduced: 1/30/2023

CalPERS Position: N/A

**Affordable Prescriptions for Patients Act of 2023.** Empowers the FTC to curtail drug “product hopping,” a practice where brand name drug manufacturers seek to extend their market exclusivity on an expiring patented drug by developing a slightly modified version of the drug.

*Action Taken: Monitoring**Status: 3/1/2023 - Placed on Senate Legislative Calendar under General Orders. Calendar No. 22.*

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