

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
2017-18 LEGISLATIVE SESSION  
STATE AND FEDERAL PROGRAM UPDATE  
STATUS AS OF MAY 2, 2018**

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**Sponsored Bills**

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**AB 2196 (Cooper)** Introduced: 2/12/2018      CalPERS Position: CalPERS Requested Legislation

**Discontinuing Installment Payments Into Retirement.** Requires a member that elects to purchase or convert service credit on or after January 1, 2019, to pay any remaining balance by his or her retirement date, or elect to have his or her monthly allowance reduced by the actuarial equivalent of the unpaid balance, in lieu of making installment payments into retirement. The same payment choices will also apply to the survivor or beneficiary of a member who makes a service credit purchase or conversion in the future, and passes away prior to retirement. It also allows members, survivors, and beneficiaries with an existing election to purchase or convert service credit, the additional option to have his or her monthly allowance reduced by the actuarial equivalent of the unpaid balance at retirement.

*Action Taken: Engaging with Capitol staff.*

*Location: 5/2/2018-Assembly Floor*

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**AB 2415 (Calderon)** Introduced: 2/14/2018      CalPERS Position: CalPERS Requested Legislation

**Appointment and Compensation Authority for a Chief Health Director and Chief Operating Officer.** Adds a Chief Health Director and a Chief Operating Officer to the list of key executives for which the CalPERS Board of Administration has authority to set compensation, conditions of employment, and performance standards.

*Action Taken: Engaging with Capitol staff.*

*Location: 4/18/2018-Assembly Appropriations Suspense File*

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**AB 3245 (Committee on Public Employees, Retirement, and Social Security)**

Amended: 4/9/2018

CalPERS Position: CalPERS Requested Legislation

**CalPERS 2018 Omnibus Bill.** Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

*Action Taken: Engaging with stakeholder groups and Capitol staff.*

*Location: 4/26/2018-Senate Desk*

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**SB 1022 (Pan)** Amended: 4/12/2018

CalPERS Position: CalPERS Requested Legislation

**CalPERS Terminating Agency Process.** Shortens the timeframe in which a contracting agency can voluntarily terminate its participation in CalPERS and requires a terminating agency to notify past and present employees of its intention to terminate.

*Action Taken: Engaging with stakeholder groups and Capitol staff.*

*Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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## Active State Bills

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**AB 595 (Wood)** Amended: 1/22/2018

CalPERS Position: N/A

Sponsor: Health Access

**Mergers and Acquisitions of Health Care Service Plans.** Requires health plans seeking to merge or consolidate with other health plans or insurers to provide notice and secure prior approval from the Director of the Department of Managed Health Care (DMHC). It allows the Director to disapprove the transaction if it could substantially lessen competition in health plan products or create a monopoly in this state, and to give conditional approval to the transaction if the parties commit to taking action to fulfill one or more conditions that benefits subscribers and enrollees, provides for a stable health care delivery system, improves quality or reduces health disparities. It also allows the DMHC to hold a public hearing on the proposed transaction, and requires that if the Director determines that a material amount of the health plan's assets is subject to purchase, acquisition, or control, he or she must prepare an independent health care impact statement and make it available to the public.

*Action Taken: Monitoring*

*Location: 3/15/2018-Senate Health Committee*

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**AB 1597 (Nazarian)** Amended: 6/22/2017

CalPERS Position: See Action Taken

Sponsor: Author

**Divestment from Turkish Investment Vehicles.** Requires CalPERS and CalSTRS to cease making new or additional investments, or renewing existing investments in any investment vehicle owned, controlled, managed, or issued by the government of Turkey, as defined. It also requires divestment of any existing investments within six months of the passage of a federal law imposing sanctions on Turkey, and requires each retirement system to report on their divestment actions within one year of the passage of sanctions, as specified.

*Action Taken: Engaging with Assembly Member.*

*Location: 7/14/2017-Senate Public Employment and Retirement Committee*

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**AB 1912 (Rodriguez)** Amended: 4/19/2018

CalPERS Position: N/A

Sponsor: SEIU

**Retirement Contracting Requirements for Joint Powers Authorities (JPAs).** Among other things, eliminates the ability of JPAs and community choice aggregators to specify in their joint powers agreement that the debts, liabilities, and obligations of the JPA shall not be those of its member agencies. It makes all current and former JPA member agencies jointly and severally liable for its debts to a retirement system, and allows for retroactive application of judgements for breach of a party's obligations to the retirement system. In addition, the bill prohibits the California Public Employees' Retirement System (CalPERS) from contracting with a JPA whose member agencies do not accept joint and several liability, reopens existing JPA contracts with CalPERS to require inclusion of such a provision, and extends CalPERS lien authority to contracting JPA member agencies. It also requires CalPERS to file a civil action against terminating JPA member agencies to compel payment of its obligations, and removes the authority of the CalPERS Board of Administration to not reduce member benefits as their employers' liabilities and assets are moved into the Terminating Agency Pool.

*Action Taken: Engaging with stakeholder groups and Capitol staff.*

*Location: 4/24/2018-Assembly Appropriations Committee*

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**AB 1998 (Rodriguez)** Amended: 4/11/2018

CalPERS Position: N/A

Sponsor: Author

**Prescription Drugs: Opioid Prescriber Limits.** Requires, beginning June 1, 2019, every health care practitioner authorized to prescribe opioids classified as Schedule II and Schedule III to adopt a safe prescribing protocol, as specified.

*Action Taken: Per the April 11, 2018 amendments, this bill no longer effects CalPERS and will be removed from the legislative state program update.*

*Location: 4/24/2018-Assembly Appropriations Committee*

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**AB 2193 (Maienschein)** Amended: 4/30/2018

CalPERS Position: N/A

Sponsor: 2020 Mom and Maternal Mental Health Now

**Health Care Coverage: Maternal Mental Health Screening.** Among other things, requires health care service plan contracts and health insurance policies issued, renewed, or amended on or after January 1, 2019 to cover maternal mental health conditions. It also requires health care service plans, by July 1, 2019, to develop a case management program (CMP) for enrollees and providers to use to determine these conditions and notify providers, in writing annually, of the CMP's availability and how provider can access the CMP.

*Action Taken: Monitoring*

*Location: 4/30/2018-Assembly Appropriations Committee*

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**AB 2310 (Aguiar-Curry)** Amended: 3/20/2018

CalPERS Position: N/A

Sponsor: County of Napa

**Contracting Agency Cost Sharing.** Existing law allows CalPERS contracting agencies to share the costs of the employer contribution for retirement benefits with their employees by specifying the exact percentage of member compensation to be allocated to the employer contribution in a collective bargaining agreement (CBA) ratified by both parties and executed through a contract or contract amendment. This bill allows contracting agencies to also negotiate cost-sharing through a ratified memorandum of understanding (MOU) and executed through a contract or contract amendment. It also allows agencies that negotiate a cost-sharing methodology in a CBA or MOU, to notify CalPERS of the exact percentage of member compensation to be allocated to the employer contribution pursuant to that methodology, by providing a signed side letter ratified by the employee bargaining unit and the agency at least ninety days prior to the effective date of the change.

*Action Taken: Engaging with stakeholder groups and Capitol staff.*

*Location: 5/2/2018-Assembly Floor*

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**AB 2342 (Burke)** Introduced: 2/13/2018

CalPERS Position: N/A

Sponsor: City of Los Angeles

**Health Care Coverage: Breast Cancer Susceptibility Gene (BCRA) Screening, Genetic Counseling, and Testing.** Requires health care service plan contracts and health insurance policies issued, renewed, or amended on or after January 1, 2019 to cover screening, genetic counseling, and testing for BCRA mutations in women, as specified.

*Action Taken: Monitoring*

*Location: 4/24/2018-Assembly Appropriations Committee*

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**AB 2384 (Arambula)** Amended: 4/18/2018

CalPERS Position: N/A

Sponsor: California Medical Association

**Health Care Coverage: Medication-Assisted Treatment.** Requires health care service plans and health insurers that cover prescription drugs and maintain one or more drug formularies, to cover all medications approved by the Food and Drug Administration for the medicated-assisted treatment (MAT) of substance abuse disorders. It also specifies that MAT is presumed to be medically necessary and not subject to various drug utilization strategies and policies.

*Action Taken: Monitoring*

*Location: 5/1/2018-Assembly Appropriations Committee*

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**AB 2571 (Gonzalez Fletcher)** Amended: 4/11/2018

CalPERS Position: N/A

Sponsor: Unite Here Local 11

**Alternative Investment Vehicle Race and Gender Pay Equity, and Sexual Harassment Policies.** Among other things, requires public retirement systems to report annually certain information concerning specified hospitality employers relating to race and gender pay equity and sexual harassment. It also requires alternative investment managers and subsidiary entities that are hospitality employers to submit compliance reports to their respective retirement system investors at least once annually, and requires retirement systems to disclose all pay equity and sexual harassment reporting information annually.

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.*

*Location: 4/27/2018-Assembly Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**AB 2643 (Irwin)** Amended: 4/26/2018

CalPERS Position: N/A

Sponsor: California Dental Association and California Society of Pediatric Dentistry

**Health Care Coverage: Dentistry: General Anesthesia.** Existing law requires health care service plans and health insurers to provide coverage for general anesthesia and associated facility charges for dental treatment when that treatment is rendered in a hospital or surgery center. This bill requires health care service plan contracts and health insurance policies issued, renewed, or amended on or after January 1, 2019 to provide coverage for general anesthesia and any associated facility charges for dental treatment when medically necessary regardless of the setting. It also changes the required written informed consent for general anesthesia provided to minors to include a reference to nonsurgical treatment options.

*Action Taken: Monitoring*

*Location: 4/26/2018-Assembly Appropriations Committee*

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**AB 2696 (Rodriguez)** Introduced: 2/15/2018

CalPERS Position: N/A

Sponsor: Author

**PEMHCA: Association Health Plans.** Allows an employee association health benefit plan that meets minimum standards prescribed by the CalPERS Board of Administration (Board) to offer its membership one or more different health plan options with varying premiums on a regional basis, so long as the plan uses the same geographic regions established by the Board for contracting agency regional premiums, or provides a north and south geographic region.

*Action Taken: Monitoring*

*Location: 4/23/2018-Senate Desk*

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**AB 2731 (Gipson)** Introduced: 2/15/2018

CalPERS Position: N/A

Author: Unknown

**State Personal Income Taxation of an Investment Management Services Interest.** Among other things, imposes an additional personal income tax of 17 percent for California-based natural persons, estates and trusts on income derived from an interest in a business, where the individual provides to the business, a substantial quantity of investment advisory, management, financing, or supporting services with respect to specified assets. These assets include securities, as defined in Internal Revenue Code (IRC) Section 475(c)(2) relating to security defined, real estate held for rental or investment, interest in partnerships, commodities; or as defined in IRC Section 475(e)(2) relating to commodity, or options or derivative contracts to any of these. In addition, the bill states legislative intent that moneys derived from the imposition of the state tax be used for education purposes. It also requires the Franchise Tax Board to notify the Legislature if federal tax law is amended to have an identical effect as the state tax described above, and requires the Legislature, upon Franchise Tax Board notification, to consider the disposition of the state tax provision.

*Action Taken: Monitoring*

*Location: 5/1/2018-Assembly Appropriations Committee*

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**AB 2741 (Burke)** Amended: 4/2/2018

CalPERS Position: N/A

Sponsor: Author

**Prescription Drugs: Opioid Limitations: Minors.** Limits opioid prescriptions for minors to a five-day supply, unless the prescription is for specified uses. It also requires the prescriber to 1) assess whether the minor has taken or is currently taking prescription drugs for treatment of a substance use disorder, 2) discuss the risks of opioid addiction and overdose with the minor and his or her parent or guardian and 3) obtain a written consent from the minor's parent or guardian and maintain the consent form in the minor's record.

*Action Taken: Monitoring*

*Location: 5/2/2018-Assembly Floor*

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**AB 3084 (Levine)** Amended: 4/10/2018

CalPERS Position: N/A

Sponsor: Author

**Public Agency Annual Report: Funding of Other Postemployment Benefits (OPEB).** Requires the governing body of a public agency to include in their annual financial statement, specified information regarding OPEB prefunding.

*Action Taken: Monitoring*

*Location: 5/2/2018-Assembly Appropriations Committee*

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**AB 3087 (Kalra)** Amended: 4/17/2018

CalPERS Position: N/A

Sponsor: CA Labor Federation; CA Teamsters Public Affairs Council; Health Access; SEIU State Council; UNITE HERE

**California Health Care Cost, Quality, and Equity Commission.** Among other things, establishes the California Health Care Cost, Quality, and Equity Commission (Commission) as an independent state agency under the authority of an 11-member governing body, including an appointee of the CalPERS Board of Administration, to control in-state health care costs. It requires the Commission to establish, beginning July 1, 2019 and annually thereafter, the base amounts accepted as payment by health plans, hospitals, physicians, and other providers of health care services, as specified, and establishes an appeals process for health plans and providers to seek adjustments. It requires health care service plans and health insurers provide to provide to the Commission the average contracted amounts so it can determine a base amount for noncontracting physicians and other noncontracting health professionals. It also requires the Commission to annually identify total health care expenditures and establish a global growth cap, as specified, and report to the Legislature on its progress towards achieving the cap. In addition, it requires the Commission to convene a 15-member advisory committee, including a CalPERS representative, to seek stakeholder input and make recommendations to the Commission, as specified.

*Action Taken: Monitoring*

*Location: 5/1/2018-Assembly Appropriations Committee*

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**ACA 15 (Brough)** Introduced: 5/9/2017

CalPERS Position: N/A

Sponsor: Author

**Protecting Schools and Keeping Pension Promises Act of 2018.** Among other things, amends the State Constitution to prohibit a government employer from enhancing employee pension benefits, enrolling a new government employee in a defined benefit (DB) pension plan, or paying more than half of the total cost of retirement benefits unless approved by the voters of that jurisdiction. It also prohibits retirement boards from imposing termination fees or other financial conditions on a government employer attempting to close its DB plan to new members, unless approved by the voters or the sponsoring government employer.

*Action Taken: Monitoring*

*Location: 5/9/2017-Assembly Print*

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**SB 656 (Moorlach)** Amended: 1/23/2018

CalPERS Position: N/A

Sponsor: Alliance of California Judges

**Judges' Retirement System II Deferred Retirement.** Allows a member of the Judges' Retirement System II age 60 years or older with a minimum of five years of service, or who accrues a minimum of twenty years of service, to leave the bench and to elect to receive a monthly defined benefit allowance upon attaining the existing age and service requirements of age 65 with at least 20 years of service, or age 70 with at least five years of service.

*Action Taken: Engaging with author's office on conforming amendments.*

*Location: 4/23/2018- Assembly Public Employees, Retirement, and Social Security Committee*

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**SB 964 (Allen)** Amended: 3/14/2018

CalPERS Position: N/A

Sponsor: Fossil Free, CA; Environment, CA

**Reporting of Climate-Related Financial Risk.** Requires the CalPERS Board of Administration and the Teachers' Retirement Board to analyze climate-related financial risk, as defined, of any fund they administer, to the extent they identify the risk as a material risk. It also requires each Board to publicly report, beginning on or before January 1, 2020 and every three years thereafter, on the climate-related financial risk of their respective public market investment portfolios, including alignment with the Paris Climate Agreement and California climate policy goals; the exposure to long-term risks; and engagements with portfolio companies that are the most carbon intense, as specified. It repeals these requirements effective January 31, 2035.

*Action Taken: Monitoring*

*Location: 4/16/2018-Senate Appropriations Suspense File*

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**SB 984 (Skinner)** Introduced: 2/5/2018

CalPERS Position: N/A

Sponsor: Author

**Gender Representation on State Boards and Commissions.** Among other things, requires the composition of state boards and commissions to be, at minimum, 50 percent women. It also requires the Secretary of State to post on its website the gender composition of each state board and commission.

*Action Taken: Monitoring*

*Location: 5/1/2018-Senate Appropriations Committee*

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**SB 1021 (Wiener)** Amended: 5/1/2018

CalPERS Position: N/A

Sponsor: Health Access

**Prescription Drug Coverage.** Among other things, 1) requires health plans and insurers to cover combination antiretroviral drug treatment that are medically necessary for treatment and prevention of AIDS/HIV in a single tablet regimen that is as effective as a multitablet regimen; 2) removes the sunset date on the statutory requirement that limits cost sharing of covered outpatient prescription drugs to \$250 for a 30-day supply; 3) prohibits health plans from having more than four drug formulary tiers; 4) codifies a Department of Managed Health Care regulation that prevents the cost of a prescription drug copay from exceeding the pharmacy's retail price.

*Action Taken: Monitoring**Location: 5/1/2018-Senate Appropriations Committee*

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**SB 1031 (Moorlach)** Amended: 4/5/2018

CalPERS Position: N/A

Sponsor: Author

**Suspension of Retirement Allowance Cost-Of-Living Adjustments for New Members.** For any individual who becomes a new member of a public retirement system on or after January 1, 2019, prohibits any public retirement system from paying a cost-of-living adjustment (COLA) to that retired member, or his or her survivor or beneficiary in any calendar year that follows a fiscal year in which the system identifies an unfunded actuarial liability greater than 20 percent in its Comprehensive Annual Financial Report (CAFR).

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.**Location: 4/27/2018-Senate Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**SB 1032 (Moorlach)** Introduced: 2/8/2018

CalPERS Position: N/A

Sponsor: Author

**Pension Contract Termination.** Among other things, permits a CalPERS contracting agency to terminate its contract at any time without fully funding its pension obligations and allows the agency to transfer its accumulated assets to another pension provider. It also authorizes the CalPERS Board of Administration (Board) to decrease member benefits in the Terminated Agency Pool based on the percentage of the terminating agency's unfunded obligations.

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.**Location: 4/27/2018-Senate Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**SB 1033 (Moorlach)** Amended: 4/5/2018

CalPERS Position: N/A

Sponsor: Author

**Transfer of Actuarial Liability Between Employers.** Among other things, requires a CalPERS state, school, or contracting agency employer that increases the compensation of any member who was previously employed by a different CalPERS employer, to bear actuarial liability for that action when it increases actuarial liability beyond what would have been reasonably expected for the member. It also defines impacted agencies, causative agencies, and establishes principles for identifying reasonable increases in compensation paid on and after January 1, 2019 and, therefore, not subject to actuarial liability transfers.

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.*

*Location: 4/27/2018-Senate Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**SB 1060 (Mendoza)** Introduced: 2/12/2018

CalPERS Position: N/A

Sponsor: Author

**Member Notification for Delinquent Payments by Contracting Agencies.** Requires a CalPERS contracting agency whose payment of employer contributions for member benefits is delinquent, to notify members by mail within 30 days of its delinquent payment.

*Action Taken: Monitoring*

*Location: 2/12/2018-Senate Rules*

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**SB 1062 (Mendoza)** Introduced: 2/12/2018

CalPERS Position: N/A

Sponsor: Author

**Member Notification for Delinquent Payments by CalPERS and CalSTRS Employers.** Requires a CalPERS contracting agency whose payment of employer contributions for member benefits is delinquent, to notify members by mail within 30 days of its delinquent payment. It also requires a CalSTRS employer whose payment of employer contributions for member benefits is delinquent, to notify members by mail within 30 days of its delinquent payment.

*Action Taken: Monitoring*

*Location: 2/12/2018-Senate Rules*

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**SB 1085 (Skinner)** Amended: 4/10/2018

CalPERS Position: N/A

Sponsor: SEIU

**Public Employee Leaves of Absence to Perform Union Duties.** Among other things, requires public employers to grant leaves of absence to employees serving as stewards or officers of an employee organization, or of any affiliated statewide or national employee organization, without loss of compensation, benefits, seniority, rank or classification. Requires any reimbursement to the public employer by the employee organization be determined by mutual agreement. It also specifies that compensation must include the employer's retirement fund contributions, and that the employee will earn full service credit during the leave and pay his or her employee retirement contributions.

*Action Taken: Monitoring**Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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**SB 1124 (Leyva)** Amended: 3/22/2018

CalPERS Position: N/A

Sponsor: California Professional Firefighters

**Administration of Reportable Compensation.** Among other things, establishes procedures for the treatment of member and employer contributions and retirement benefits of non-management state and contracting agency employees, when CalPERS determines a portion of a member's compensation was reported to the System in error. Specifically, it requires CalPERS to review and approve newly enacted memoranda of understanding (MOUs) for compliance with statutes and regulations that specify allowable elements of reportable compensation. For compensation reported pursuant to prior MOUs that is disallowed for noncompliance, it would, for active members, require CalPERS to credit the employer and member for their contributions associated with that compensation. It would also require the allowances of retired members and their beneficiaries to be based on the disallowed compensation if the error is found after CalPERS calculates their final compensation for retirement, subject to specified conditions.

*Action Taken: Monitoring**Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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**SB 1149 (Glazer)** Amended: 4/10/2018

CalPERS Position: N/A

Sponsor: Author

**Optional Membership for New State Employees.** Allows state employees first hired in a miscellaneous or industrial classification on or after January 1, 2020, and not employed by the California State University, the University of California, or the legislative or judicial branch, to participate in a Defined Contribution (DC) Plan administered by the California Department of Human Resources (CalHR), in lieu of mandatory membership in the CalPERS Defined Benefit (DB) Program. It requires DC Plan participants to contribute the same percent of compensation as similarly situated employees who participate in the CalPERS DB Program, and provides an employer contribution equal to its DB normal cost payment, which becomes fully vested after five years of employment. The bill also allows employees in the DC Plan to opt into the CalPERS DB Program if the balance in their account meets or exceeds the amount that would have accrued in the DB Program, or pay the full difference if the balance in their account is less than the amount that would have accrued in the DB Program.

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.**Location: 4/27/2018-Senate Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**SB 1166 (Pan)** Amended: 3/22/2018

CalPERS Position: N/A

Sponsor: Author

**Member Notification for Delinquent Payments by Contracting Agencies.** Requires a CalPERS contracting agency whose payment of employer contributions for member benefits is delinquent, to notify members by mail within 30 days of its delinquent payment.

*Action Taken: Monitoring*

*Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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**SB 1195 (Portantino)** Amended: 4/2/2018

CalPERS Position: N/A

Sponsor: Peace Officers Research Association of California (PORAC)

**PEMHCA: Association Health Plans** Allows the PORAC Insurance and Benefits Trust to offer different health benefit plan designs with varying premiums in different areas of the state. It also prohibits the PORAC Insurance and Benefits Trust and the California Correctional Peace Officer Association (CCPOA) Health Benefits Trust from using regions different than those established by the CalPERS Board for contracting agencies regional premiums, unless they only provide for a north and south geographic region.

*Action Taken: Monitoring*

*Location: 4/23/2018-Assembly Desk*

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**SB 1285 (Stone)** Introduced: 2/16/2018

CalPERS Position: N/A

Sponsor: Author

**Health Care Coverage: Advance Practice Pharmacist.** Requires health care service plan contracts and health insurance policies issued, renewed, or amended on or after January 1, 2019 to cover services provided by an advanced practice pharmacist, including, but not limited to, comprehensive medication management services. It also specified that contracts with a pharmacy benefit management company and direct contract, for only prescription dispensing or related services are excluded from this requirement.

*Action Taken: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.*

*Location: 4/27/2018-Senate Dead. Failed Deadline pursuant to Rule 61(b)(5)*

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**SB 1413 (Nielsen)** Amended: 4/25/2018

CalPERS Position: N/A

Sponsor: Author

**California Employers' Pension Prefunding Trust Program.** Establishes the California Employers' Pension Prefunding Trust (CEPPT) to allow state and local public agency employers who provide a defined benefit pension plan to their employees to prefund their required pension contributions. It gives the CalPERS Board the authority to administer and invest the CEPPT Fund under the requirements of Section 115 of the Internal Revenue Code, but limits the investment options to those available under the California Employers' Retiree Benefit Trust Fund (CERBT) for prefunding other post-employment benefits (OPEB) and to an option that tracks the asset allocation of the Public Employees' Retirement Fund investment portfolio. In addition, it specifies the requirements for employer participation and conditions for plan termination and transfer, authorizes the Board to adopt emergency regulations, and makes an appropriation of an unspecified amount for purposes of developing and implementing the CEPPT.

*Action Taken: Monitoring*

*Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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**SCA 1 (Moorlach)** Introduced: 12/5/2016

CalPERS Position: N/A

Sponsor: Author

**Secure Choice Retirement Savings Program.** Amends the State Constitution to prohibit the state from incurring any liability for payment of the retirement savings benefit earned by program participants in the California Secure Choice Retirement Savings Program. It also prohibits the appropriation, transfer, or encumbrance of General Fund moneys for the Program, except to fund its startup and first-year administrative costs.

*Action Taken: Monitoring*

*Location: 1/12/2017-Senate Public Employment and Retirement Committee*

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**SCA 8 (Moorlach)** Introduced: 2/15/2017

CalPERS Position: N/A

Sponsor: Author

**Retirement Benefits for Future Service.** Amends the State Constitution to specifically allow all state, school, and local government employers to reduce promised retirement benefits to existing public employees for work performed in the future. Benefits affected would include defined benefit pension plans, defined contribution plans, retiree health care plans, or any form of deferred compensation.

*Action Taken: Monitoring*

*Location: 2/23/2017-Senate Public Employment and Retirement Committee*

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**SCA 10 (Moorlach)** Introduced: 2/17/2017

CalPERS Position: N/A

Sponsor: Author

**Voter Approval of Public Retirement Benefit Increases.** Prohibits a state or local government employer from providing public employees any retirement benefit increase, to include a defined benefit pension plan, defined contribution plan, retiree health care plan, or any form of deferred compensation, unless approved by a two-thirds vote of the electorate of the applicable jurisdiction.

*Action Taken: Monitoring*

*Location: 3/2/2017-Senate Public Employment and Retirement Committee*

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**SJR 24 (Jackson)** Amended: 4/12/2018

CalPERS Position: N/A

Sponsor: Author

**Firearms Engagement and Divestment.** Urges CalPERS to engage with portfolio companies that produce or sell firearms to determine a reasonable method for them to withdraw from the production and sale of firearms, or if they refuse to engage, develop a plan to divest from those companies. It also calls on Congress to reauthorize and strengthen the federal assault weapons ban and for the President to approve the Assault Weapons Ban of 2018.

*Action Taken: Monitoring*

*Location: Scheduled to be heard in the Senate Appropriations Committee on May 7, 2018.*

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**Inactive State Bills**

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**AB 161 (Levine)** Introduced: 1/13/2017 CalPERS Position: N/A  
**Investment Return Guarantees for CalPERS Investments in California Infrastructure Projects.**

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**AB 315 (Wood)** Amended: 7/11/2017 CalPERS Position: N/A  
**Pharmacy Benefit Management.**

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**AB 587 (Chiu)** Amended: 7/12/2017 CalPERS Position: N/A  
**California Pharmaceutical Collaborative.**

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**SB 199 (Hernandez)** Amended: 3/30/2017 CalPERS Position: N/A  
**The California Health Care Cost, Quality, and Equity Atlas.**

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**SB 538 (Monning)** Amended: 5/26/2017 CalPERS Position: N/A  
**Hospital Contracts.**

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**SB 562 (Lara)** Amended: 5/26/2017 CalPERS Position: N/A  
**The Healthy California Act.**

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**SR 45 (Mendoza)** Introduced: 6/14/2017 CalPERS Position: N/A  
**Dodd-Frank Wall Street Reform and Consumer Protection Act.**

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## Federal Bills

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**H.R. 1 – Brady, Kevin (R-TX)** Introduced:11/2/2017 CalPERS Position: N/A

**The Tax Cuts and Jobs Act.** Among many things, the bill would amend the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses.

*Action Taken: Advocated for removal of the House Unrelated Business Income Tax (UBIT) to state and local pension plans provision, Section 5001.*

*Status: 12/22/2017-Signed by the President.*

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**H.R. 10 – Hensarling, Jeb (R-TX)** Introduced:4/26/2017 CalPERS Position: N/A

**Financial CHOICE Act of 2017.** A bill that, among many things, would comprehensively reform the Dodd-Frank Wall Street Reform and Consumer Protection Act and many other laws concerning regulation and regulatory agencies in the financial industry. H.R. 10 would repeal the Federal Deposit Insurance Corporation's authority to use the Orderly Liquidation Fund and would change how the operations of the National Credit Union Administration and Consumer Financial Protection Bureau are operated and funded. The bill also prohibits the Securities and Exchange Commission (SEC) from requiring the use of a universal proxy ballot, revises the SEC Rule 14a8 to require one percent ownership in a company over a three-year period to submit a shareholder proposal, and increases resubmission thresholds for shareholder proposals.

*Action Taken: Conducted educational briefings with relevant House and Senate committee members.*

*Status: 7/13/2017-Referred to the Senate Banking, Housing and Urban Affairs Committee.*

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**H.R. 195 – Russell, Steve (R-OK)** Introduced:1/3/2017 CalPERS Position: N/A

**Extension of Short-Term Appropriations for Fiscal 2018.** The measure extends stop-gap funding to keep the federal government fully operational until February 8, 2018. It also suspends or delays three health related taxes that were enacted as part of the Patient Protection and Affordable Care Act (PPACA), P.L. 111-148. Under the measure, the Cadillac Tax is extended for two more years until 2022; the current suspension on the Medical Device Tax is extended through December 31, 2019, with an effective date of December 31, 2017; and the Health Insurance Tax is suspended for one year until 2019.

*Action Taken: Monitoring*

*Status: 1/22/2018-Signed by the President.*

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**H.R. 1205 – Davis, Rodney (R-IL)** Introduced:2/21/2017 CalPERS Position: N/A

**Social Security Fairness Act of 2017.** A bill to amend title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions.

*Action Taken: Monitoring*

*Status: 2/21/2017-Read twice and referred to: House Ways and Means, Subcommittee on Social Security.*

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**H.R. 1312 – Poliquin, Bruce (R-ME)** Introduced:3/2/2017

CalPERS Position: Support

**Small Business Capital Formation Enhancement Act.** This bill would amend the Small Business Investment Incentive Act of 1980 with respect to the annual government-business forum of the Securities and Exchange Commission (SEC) to review the current status of problems and programs relating to small business capital formation.

*Action Taken: Sent a letter to Senator Crapo and Brown requesting inclusion of H.R. 1312 in S. 2155 on December 4, 2017. Conducted educational briefings with relevant House and Senate committee members.*

*Status: 5/2/2017-Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.*

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**H.R. 1628 – Black, Diane (R-TN)** Introduced:3/20/2017

CalPERS Position: N/A

**American Health Care Act of 2017.** Among many things, this would amend the Patient Protection and Affordable Care Act (PL 111-148 and PL 111-152) to eliminate funding for the Prevention and Public Health Fund and increase funding for community health centers; impose a one-year freeze on mandatory funding to a class of providers designated as prohibited entities that includes Medicaid, the Children's Health Insurance Program, Maternal and Child Health Services Block Grants, and Social Services Block Grants; delay the Cadillac tax until 2025 (the proposed manager's amendment would delay the tax for an additional year, until 2026); and, repeal the health insurance tax beginning in 2018. The legislation would codify that the Medicaid expansion is a state option upon enactment.

*Action Taken: Letter requesting bipartisan approach to health reform sent to Senate Committee on Finance Chairman Orrin Hatch on May 23, 2017.*

*Status: 7/28/2017-Considered by the Senate.*

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**H.R. 2864 – Sinema, Kyrsten (D-AZ)** Introduced:6/8/2017

CalPERS Position: Support

**Improving Access to Capital Act.** This bill would direct the Securities and Exchange Commission to allow certain issuers to be exempt from registration requirements, and for other purposes.

*Action Taken: Sent a letter to Senator Crapo and Brown requesting inclusion of H.R. 2864 in S. 2155 on December 4, 2017. Conducted educational briefings with relevant House and Senate committee members.*

*Status: 9/6/2017-Referred to the Senate Banking, Housing and Urban Affairs Committee.*

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**H.R. 4015 – Duffy, Sean P. (R-WI)** Introduced:10/11/2017

CalPERS Position: Oppose

**Corporate Governance Reform and Transparency Act.** Among many things, this bill would establish a new registration regime for proxy advisory firms and subject such firms to additional regulatory requirements.

*Action Taken: Signed a stakeholder opposition letter that was sent to the House Financial Services Committee on November 9, 2017.*

*Status: 12/21/2017-Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.*

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**H.R. 4279 – Hollingsworth, Trey (R-IN)** Introduced:11/7/2017 CalPERS Position: Support

**The Expanding Investment Opportunities Act.** This bill would direct the Securities and Exchange Commission to revise any rules necessary to enable closed-end companies to use the securities offering and proxy rules that are available to other issuers of securities.

*Action Taken: Sent a letter to Senator Crapo and Brown requesting inclusion of H.R. 4279 in S. 2155 on December 4, 2017. Conducted educational briefings with relevant House and Senate committee members.*

*Status: 1/18/2018 -Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.*

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**S. 536 – Reed, Jack (D-RI)** Introduced:3/7/2017 CalPERS Position: Support

**Cybersecurity Disclosure Act.** This requires the Securities and Exchange Commission to issue a final rule to require publicly traded companies to disclose in their annual report or annual proxy statement whether any member of their governing body, such as a board of directors, has expertise or experience in cybersecurity issues.

*Action Taken: Sent a letter of support to Senator Reed on July 26, 2017.*

*Status: 9/12/2017-Senate Banking, Housing and Urban Affairs. Hearing held.*

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**S. 637 – Wyden, Ron (D-OR)** Introduced:3/15/2017 CalPERS Position: N/A

**Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act.** This bill would require public disclosure of the total amount of rebates provided to drug manufacturers to pharmacy benefit managers and the proportion of those rebates that are passed on to health plans.

*Action Taken: Monitoring*

*Status: 3/15/2017-Read twice and referred to: Senate Finance.*

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**S. 870 – Hatch, Orrin G. (R-UT)** Introduced:4/6/2017 CalPERS Position: N/A

**Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care Act**  
This bill would amend title XVIII (Medicare) of the Social Security Act to implement Medicare payment policies designed to improve management of chronic disease, streamline care coordination, and improve quality outcomes without adding to the deficit.

*Action Taken: Monitoring*

*Status: 9/26/2017-Measure, as amended, passed in the Senate by voice vote. 9/29/2017-Referred to the House Ways and Means Committee and the House Energy and Commerce Committee.*

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**S. 915 – Brown, Sherrod (D-OH)** Introduced:4/24/2017 CalPERS Position: N/A

**Social Security Fairness Act.** A bill to amend title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions.

*Action Taken: Monitoring*

*Status: 4/24/2017-Read twice and referred to: Senate Finance.*

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**S. 2155 – Crapo, Michael D. (R-ID)** Introduced:11/16/2017

CalPERS Position: Support

**Economic Growth, Regulatory Relief, and Consumer Protection Act.** A bill to promote economic growth, provide tailored regulatory relief, and enhance consumer protections, and for other purposes.

*Action Taken: Sent a letter to Senator Crapo and Brown requesting inclusion of certain bipartisan House bills, H.R. 1312, H.R. 2864, and H.R. 2479 on December 4, 2017. Conducted educational briefings with relevant House and Senate committee members.*

*Status: 3/22/2018- Senate Committee on Banking, Housing, and Urban Affairs. Hearing held. Senate passage on 3/14/2018.*

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