

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2017-18 LEGISLATIVE SESSION
STATE AND FEDERAL PROGRAM UPDATE
STATUS AS OF December 4, 2018**

Active Bills

AB 33 (Bonta) Introduced: 12/3/2018

CalPERS Position: N/A

Private Prison Divestment. Prohibits CalPERS and CalSTRS from making new investments in companies that generate the majority of their revenue from operating, managing, or contracting as a prison or detention center, and requires liquidation of existing investments on or before July 1, 2020.

Action Taken: Monitoring

Location: 12/3/2018-Assembly Print

Federal Bills

H.R. 1 – Brady, Kevin (R-TX) Introduced:11/2/2017

CalPERS Position: N/A

The Tax Cuts and Jobs Act. The bill, among other things, amends 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.

H.R. 10 – Hensarling, Jeb (R-TX) Introduced:4/26/2017

CalPERS Position: N/A

Financial CHOICE Act of 2017. The bill would, among many things, 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 — Senate Banking, Housing and Urban Affairs Committee. Hearing held.

H.R. 195 – Russell, Steve (R-OK) Introduced:1/3/2017

CalPERS Position: N/A

Extension of Short-Term Appropriations for Fiscal 2018. The bill 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: Monitored

Status: 1/22/2018 — Signed by the President.

H.R. 435 – Ellison, Keith (D-MN) Introduced:1/11/2017

CalPERS Position: Support

Credit Access and Inclusion Act of 2017. The bill would amend the Fair Credit Reporting Act to allow the reporting of certain positive consumer-credit information to consumer reporting agencies. Specifically, a person or the Department of Housing and Urban Development may report information related to a consumer's performance in making payments either under a lease agreement for a dwelling or pursuant to a contract for a utility or telecommunications service. However, information about a consumer's usage of any utility or telecommunications service may be reported only to the extent that the information relates to payment by the consumer for such service or other terms of the provision of that service. Furthermore, an energy-utility firm may not report a consumer's outstanding balance as late if the firm and the consumer have entered into a payment plan and the consumer is meeting the obligations of that plan.

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 and expressing support for H.R. 435 on October 11, 2018. Sent letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing support for H.R. 435 on May 17, 2018.

Status: 6/26/2018 — Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.

H.R. 1205 – Davis, Rodney (R-IL) Introduced:2/21/2017

CalPERS Position: N/A

Social Security Fairness Act. The bill would amend Title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provisions.

Action Taken: Monitoring

Status: 3/6/2017 — Referred to the House Ways and Means Committee, Subcommittee on Social Security.

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

CalPERS Position: Support

Small Business Capital Formation Enhancement Act. The 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.

The SEC would be required to review the forum's findings and recommendations and issue a public statement promptly assessing each submitted finding or recommendation and disclosing any action the SEC intends to take on it.

Nothing in this bill requires the SEC to agree to or act upon any finding or recommendation.

Action Taken: Sent a letter to Senators 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.

5/24/2018 — Another bill, S. 2155, which is described below, incorporated the provisions of H.R. 1312 and was signed by the President.

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

CalPERS Position: N/A

American Health Care Act of 2017. The bill would, among many things, 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: Sent a letter to Senate Finance Committee Chairman Orrin Hatch requesting bipartisan approach to health reform on May 23, 2017.

Status: 7/28/2017 — Considered by the Senate.

H.R. 1892 – Larson, John B. (D. CT) Introduced:4/4/2017

CalPERS Position: N/A

Bipartisan Budget Act of 2018. The bill, among other things, amends 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: Monitored

Status: 2/09/2018 — Signed by the President.

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

CalPERS Position: Support

The Improving Access to Capital Act. The bill would exempt, under Regulation A+, certain fully reporting issuers of securities from specified disclosure requirements. Under current law, Regulation A+ exempts certain smaller offerings from securities registration requirements but applies only to non-reporting issuers.

Action Taken: Sent a letter to Senators 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.

5/24/2018 — Another bill, S. 2155, which is described below, incorporated the provisions of H.R. 2864 and was signed by the President.

H.R. 3903 – Budd, Ted (R-NC) Introduced:10/2/2017

CalPERS Position: Support

Encouraging Public Offerings Act of 2017. The bill would amend the Securities Act of 1933 to allow an issuer of securities to communicate with potential investors to ascertain interest in a contemplated securities offering, either before or after the filing of a registration statement (i.e., "test the waters"). Under current law, only emerging growth companies may engage in such communications.

The bill would also allow an issuer to submit a confidential draft registration statement to the Securities and Exchange Commission for review prior to public filing or within one year after the initial public offering or registration.

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 and expressing support for H.R. 3903 on October 11, 2018. Sent letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing support for H.R. 3903 on May 17, 2018.

Status: 11/2/2017 — Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.

H.R. 3973 – Duffy, Sean P. (R-WI) Introduced:10/5/2017

CalPERS Position: Oppose

Market Data Protection Act of 2017. The bill would amend the Securities Exchange Act of 1934 to require the Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the operator of the consolidated audit trail (a database that tracks trading in equities and options markets) to develop internal risk control mechanisms to protect stored market data.

The operator of the consolidated audit trail may not accept market data until these mechanisms are developed.

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 and expressing concern with H.R. 3973 on October 11, 2018. Sent letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing concern with H.R. 3973 on May 17, 2018.

Status: 11/14/2017 — Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.

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

CalPERS Position: Oppose

Corporate Governance Reform and Transparency Act of 2017. The bill would, among other things, establish a new registration regime for proxy advisory firms and subject such firms to additional regulatory requirements.

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 and expressing opposition for H.R. 4015 on October 11, 2018. Sent a letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing concern for H.R. 4015 on May 17, 2018. Signed a stakeholder opposition letter that was sent to the House Financial Services Committee on November 9, 2017. Conducted educational briefings with relevant House and Senate committee members.

Status: 6/28/18 — Senate Banking, Housing, and Urban Affairs Committee. Hearing held.

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

CalPERS Position: Support

Expanding Investment Opportunities Act. The 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 Senators 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.

5/24/2018 — Another bill, S. 2155, which is described below, incorporated the provisions of H.R. 4279 and was signed by the President.

H.R. 4292 – Zeldin, Lee (R-NY) Introduced:11/7/2017

CalPERS Position: Support

Financial Institution Living Will Improvement Act. The bill would amend the Dodd-Frank Wall Street Reform and Consumer Protection Act to reform the resolution plan submission (“living will”) process by requiring bank holding companies to submit to the Federal Reserve Board (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC) resolution plans every two years.

This bill would also require the Federal Reserve and FDIC to provide feedback regarding a submitted resolution plan within six months after a bank holding company submission.

This bill would also require the Federal Reserve and FDIC to publicly disclose the assessment framework used to review the adequacy of resolution plans.

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 and expressing support for H.R. 4292 on October 11, 2018. Sent a letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing support for H.R. 4292 on May 17, 2018.

Status: 2/05/2018 — Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.

H.R. 4792 – Velázquez, Nydia M. (D-NY) Introduced:1/12/2018

CalPERS Position: Support

Small Business Access to Capital After a Natural Disaster Act. The bill would amend the Securities Exchange Act of 1934 to require the Advocate for Small Business Capital Formation within the Securities and Exchange Commission to report on issues encountered by small businesses affected by hurricanes or other natural disasters.

Action Taken: Sent letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 and expressing support for H.R. 4792 on May 17, 2018.

Status: 1/30/2018 – Received in the Senate and referred to the Senate Banking, Housing and Urban Affairs Committee.

H.R. 6276 – Bishop, Mike (R-MI) Introduced:6/28/2018

CalPERS Position: N/A

Strengthening Pensions through Investment in Infrastructure Act. The bill would allow public pension funds to invest in infrastructure projects that are financed by tax-exempt bonds. The bonds would not be treated as private activity bonds that may be taxable.

Action Taken: Monitoring

Status: 6/28/2018 — Referred to the House Ways and Means Committee.

H.R. 6290 – Nunes, Devin (R-CA) Introduced:6/28/2018

CalPERS Position: N/A

Public Employee Pension Transparency Act (PEPTA). The bill would amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans. This bill would require state and local pension plans to disclose their liabilities based on U.S. Treasury rates in a uniform and transparent manner to the U.S. Secretary of the Treasury each plan year beginning on or after January 1, 2019, require the Secretary of the Treasury to provide these disclosures to the public through a searchable website, and eliminate the federal tax-exempt bonding authority of state and local governments that do not comply with these requirements.

The bill also states that the federal government will not be liable for any current or future obligation shortfall in any state or local pension plan.

Action Taken: Sent letter of concern to the California Delegation of the House Democratic Caucus on July 26, 2018.

Status: 6/28/2018 — Referred to the House Ways and Means Committee.

H.R. 6757 – Kelly, Mike (R-PA) Introduced:9/10/2018

CalPERS Position: N/A

Family Savings Act of 2018. The bill would allow businesses to offer multi-employer pooled retirement plans, including Employee Retirement Income Security Act defined contribution plans. Among many things, the bill would also provide that the act of a government employee electing an employee contribution alternative benefit formula does not disqualify that contribution from being “picked up” by the employer and revise safe harbor rules for the non-elective contribution 401(k) including the elimination of the safe harbor notice requirements.

Action Taken: Monitoring.

Status: 9/28/2018 — Received in the Senate and referred to the Senate Finance Committee.

H.R. 6933 – Brady, Kevin (R-TX) Introduced:9/27/2018

CalPERS Position: N/A

Equal Treatment of Public Servants Act of 2018. *(Identical to S. 3526, summarized below)* The bill would replace the current Windfall Elimination Provision (WEP) formula of the Social Security Act with a new formula that will account for covered (by Social Security) and non-covered (by Social Security) employment throughout an individual's career. The bill would provide a less significant reduction of Social Security benefits to future retirees.

The bill also requires the Commissioner of Social Security to study and test the administrative feasibility of partnering with State and local pension systems to improve the collection and sharing of information relating to State and local non-covered pensions.

Action Taken: Monitoring.

Status: 9/27/2018 — Referred to the House Ways and Means Committee.

S. 488 – Toomey, Pat (R-PA) Introduced:3/1/2017

CalPERS Position: N/A

JOBS and Investor Confidence Act of 2018. Among other things, this bill incorporates the text of:

- H.R. 435 – Credit Access and Inclusion Act – as described above, this bill could enable more consumers to become investors in capital markets by allowing for the reporting of positive consumer credit information to consumer reporting agencies
- H.R. 3903 – Encouraging Public Offerings Act – as described above, this bill encourages public offerings by expanding the ability to use “testing the waters” and confidential draft regulation submissions
- H.R. 4292 – Financial Institution Living Will Improvement Act – as described above, this bill amends Dodd-Frank to give bank holding companies an appropriate amount of time to submit FDIC “resolution plans” (aka “living wills”)

Action Taken: Sent a letter to Senate Banking Committee Chairman Mike Crapo and Ranking Member Sherrod Brown urging a bipartisan approach to considerations in S. 488 on October 11, 2018, including expressing support for H.R. 435, H.R. 3903, and H.R. 4292.

Status: 7/17/2018 — Passed House. House-amended version referred back to the Senate.

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

CalPERS Position: Support

Cybersecurity Disclosure Act of 2017. The bill would require 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: 6/28/2018 — Senate Banking, Housing and Urban Affairs Committee. Hearing held.

S. 637 – Wyden, Ron (D-OR) Introduced:3/15/2017

CalPERS Position: N/A

Creating Transparency to Have Drug Rebates Unlocked (C-THRU) Act of 2017. The 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 — Referred to the Senate Finance Committee.

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 of 2017. The 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: 9/29/2017 — Referred to the House Ways and Means Committee and the House Energy and Commerce Committee, Subcommittee on Health.

2/09/2018 — Another bill, H.R. 1892, which is described above, incorporated the provisions of S. 870 and was signed by the President.

S. 915 – Brown, Sherrod (D-OH) Introduced:4/24/2017

CalPERS Position: N/A

Social Security Fairness Act of 2017. The bill would 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 — Referred to the Senate Finance Committee.

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

CalPERS Position: Support

The Economic Growth, Regulatory Relief, and Consumer Protection Act. The bill, among other things, promotes economic growth, provides tailored regulatory relief, and enhances consumer protections.

Action Taken: Sent a letter to Senators 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. Sent letter to House Majority Leader Kevin McCarthy and House Minority Leader Nancy Pelosi urging a bipartisan approach to considerations in S. 2155 on May 17, 2018.

Status: 5/24/2018 — Signed by the President.

S. 2313 – Van Hollen, Chris (D-MD) Introduced:1/16/2018

CalPERS Position: N/A

Defending Elections from Threats by Establishing Redlines Act of 2018. The bill would require the Office of the Director of National Intelligence (DNI), no more than 30 days after a U.S. election, to determine whether a foreign government interfered with the election and report on that determination. If the DNI determines that Russia interfered with an election, the President shall impose specified sanctions, including, but not limited to, prohibiting all transactions within the U.S. in Russian governmental debt.

Action Taken: Monitoring

Status: 9/12/2018 — Senate Banking, Housing, and Urban Affairs Committee. Hearing held.

S. 3336 – Graham, Lindsey (R-SC) Introduced:8/1/2018

CalPERS Position: N/A

Defending American Security from Kremlin Aggression Act of 2018. The bill would require the President to, no later than 90 days after the date of enactment of the bill, prescribe regulations prohibiting U.S. persons from engaging in transactions with, providing financing for, or in any other way dealing with Russian governmental debt.

Action Taken: Monitoring

Status: 8/1/2018 — Referred to the Senate Foreign Relations Committee.

S. 3526 – Cruz, Ted (R-TX) Introduced:9/28/2018

CalPERS Position: N/A

Equal Treatment of Public Servants Act of 2018. *(Identical to H.R. 6933, summarized above)* The bill would replace the current Windfall Elimination Provision (WEP) formula of the Social Security Act with a new formula that will account for covered (by Social Security) and non-covered (by Social Security) employment throughout an individual's career. The bill would provide a less significant reduction of Social Security benefits to future retirees.

The bill also requires the Commissioner of Social Security to study and test the administrative feasibility of partnering with State and local pension systems to improve the collection and sharing of information relating to State and local non-covered pensions.

Action Taken: Monitoring.

Status: 9/28/2018 — Referred to the Senate Finance Committee.
