

**Public Employees' Retirement System
Board of Administration
2019-2020 Legislative Session
State and Federal Update
Status as of January 29, 2020**

Active State Bills

AB 598 (Bloom) Amended: 9/6/2019

CalPERS Position: N/A

Hearing Aids for Minors. Requires specified health plan contracts and health insurance policies issued, amended, or renewed on or after July 1, 2020, to cover hearing aids, as defined, for enrollees under the age of 18. For children under the age of five, a contracted provider shall include a pediatric audiologist. The bill limits the maximum coverage amount to \$3,000 per individual hearing aid, and specifies that the individual shall be responsible for the difference between the cost of the hearing aid and the maximum coverage amount.

Action Taken: Monitoring

Location: 9/15/2019-Assembly Held at Desk

AB 979 (Reyes) Amended: 1/6/2020

CalPERS Position: N/A

Emerging Investment Managers. Requires the California Public Employees' Retirement System and the California State Teachers' Retirement System to each define the term "emerging manager". It also requires each retirement system to submit a report to the Legislature beginning on or before March 1, 2021, on the status of achieving appropriate objectives and initiatives regarding participation of emerging managers responsible for asset management within its portfolio of investments.

Action Taken: Monitoring

Location: 1/28/2020-Senate Rules Committee

AB 1611 (Chiu) Amended: 6/27/2019

CalPERS Position: N/A

Emergency Care Costs. Requires specified health plan contracts and health insurance policies issues, amended or renewed on or after January 1, 2020, to provide that enrollees pay for in-network costs for emergency care from a noncontracting hospital. Ensures that health plans and insurers pay a contracting hospital at a specified formula when an enrollee has received emergency care or poststabilization care and would provide a dispute resolution procedure if any party is dissatisfied with payment.

Action Taken: Monitoring

Location: 7/10/2019-Senate Committee on Health

SB 266 (Leyva) Amended: 9/3/2019

CalPERS Position: N/A

Administration of Reportable Compensation. Among other things, this bill defines disallowed compensation and stipulates what would occur if disallowed compensation is reported by the state, school employer, or contracting agency including requiring the employer to pay a retiree the actuarial equivalent of any reduced retirement benefit. It also allows the state, school employer, or contracting agency to submit additional proposed compensation items to CalPERS to determine compliance with existing law.

Action Taken: Monitoring

Location: 9/15/2019-Senate Held at Desk

SB 430 (Wieckowski) Amended: 5/17/2019

CalPERS Position: N/A

PEPRA Exemption for New Judges. Allows judges elected in 2012, as specified, to make a one-time, irrevocable election between March 1, 2020, and March 30, 2020, to be prospectively exempt from the definition of new member under the Public Employees' Pension Reform Act of 2013 (PEPRA) as of July 1, 2020, and be subject to a one-year final compensation period used to calculate retirement benefits and an employee contribution rate of eight percent of salary. Service accrued and contributions paid between January 1, 2013, and June 30, 2020, shall be subject to the new member definition under PEPRA. Provides that CalPERS has no obligation to inform or locate people who may be subject to these provisions. Stipulates that these provisions do not impact the rights of the Legislature to increase contributions or reduce benefits as provided by existing law.

Action Taken: Monitoring

Location: 7/10/2019-Assembly Committee on Public Employee Retirement

Dead State Bills

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

CalPERS Position: Oppose

Private Prison Divestment. Prohibits the California Public Employees' Retirement System and the California State Teachers' Retirement System 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: This bill will be removed from the legislative state program update because it did not meet the legislative calendar deadline.

Location: 1/17/2020-Assembly Dead. Failed Deadline pursuant to Rule 61(b).

AB 287 (Voepel) Introduced: 1/28/2019

CalPERS Position: N/A

Retirement System Annual Investment Report. Requires each state and local retirement system to post on its Internet website, a report of its investments and earnings within 90 days of completing its annual audit.

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

Location: 1/17/2020- Assembly Dead. Failed Deadline pursuant to Rule 61(b).

AB 312 (Cooley) Introduced: 1/29/2019

CalPERS Position: N/A

State Agency Regulatory Reform. Requires all state agencies to review its respective regulations, to update or repeal any regulation that is duplicative, overlapping, inconsistent or out of date on or before January 1, 2022, and to report to the Governor and Legislature its compliance with this law.

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

Location: 1/24/2020- Assembly Dead. Failed Deadline pursuant to Rule 61(b).

AB 844 (Irwin) Amended: 3/5/2019

CalPERS Position: N/A

Financial Impacts on Mandated Hospital Services and Activities. Creates an independent, nonpartisan body to advise the Governor and Legislature on the financial impact of proposed mandated hospital services and activities, including the increased costs to the CalPERS health program. Requires the chair of a policy or fiscal committee to forward requests to the body to estimate costs for proposed legislation on mandated hospital services and activities. The bill also requires the body to provide its analysis to the policy and fiscal committees no later than 60 days after receiving the request and post its findings on the internet.

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

Location: 1/17/2020- Assembly Dead. Failed Deadline pursuant to Rule 61(b).

AB 1198 (Stone, Mark) Amended: 3/21/2019

CalPERS Position: N/A

PEPRA Exceptions: Transit Employees. Exempts California transit employees protected by federal transit labor laws, who were hired and became members of a public retirement system before January 1, 2016, from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA).

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

Location: 1/17/2020- Assembly Dead. Failed Deadline pursuant to Rule 61(b).

AB 1332 (Bonta) Amended: 4/29/2019

CalPERS Position: N/A

Sanctuary State Contracting Act. Enacts the Sanctuary State Contracting Act that would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that the Department of Justice identifies as providing data broker, extreme vetting, or detention facilities support to any federal immigration agency. The bill would exempt certain contracts or agreements from these provisions related to the administration of retirement benefits and investment of moneys for retirement benefits, as specified.

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

Location: 1/24/2020- Assembly Dead. Failed Deadline pursuant to Rule 61(b).

SB 341 (Morrell) Introduced: 2/19/2019

CalPERS Position: N/A

Public Retirement Systems: Actuarial and Investment Reporting. Requires the CalPERS Board of Administration to include in its annual state actuarial report a calculation of liabilities that is based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill also places additional actuarial reporting requirements on CalSTRS and requests that the U.C. Regents submit specified investment return information to the Legislature.

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

Location: 3/27/2019-Senate Dead. Failed Deadline pursuant to Rule 61(b).

Federal Bills

H.R. 3 - Pallone, Frank (D-NJ) Introduced: 9/19/2019

CalPERS Position: N/A

Elijah E. Cummings Lower Drug Costs Now Act. Among other things, requires the Centers for Medicare & Medicaid Services (CMS) to negotiate maximum prices for insulin products and at least 25 single source, brand name drugs that do not have generic competition and that are among the 125 drugs that account for the greatest national spending or spending under the Medicare prescription drug benefit and Medicare Advantage (MA). The negotiated prices must be offered under Medicare and MA, and may also be offered under private health insurance unless the insurer opts out. It requires the negotiated maximum price to not exceed 120 percent of the average price in Australia, Canada, France, Germany, Japan, and the United Kingdom; or if such information is not available, 85 percent of the U.S. average manufacturer price. In addition, the bill requires drug manufacturers to issue rebates to the CMS for covered drugs that cost \$100 or more and for which the average manufacturer price increases faster than inflation. It also reduces the Medicare prescription drug benefit annual out-of-pocket beneficiary spending threshold, and eliminates beneficiary cost-sharing above the threshold.

Action Taken: Monitoring

Status: 12/16/2019 - Referred to the Senate. Previously passed the House Committee on Ways and Means and the House Committees on Education and Labor and on Energy and Commerce.

H.R. 141 - Davis, Rodney (R-IL) Introduced: 1/3/2019

CalPERS Position: N/A

Social Security Fairness Act of 2019. Repeals the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act, which impacts state and local government retirees that have earned pensions through employment not coordinated with Social Security.

Action Taken: Monitoring

Status: 1/31/2019 - Referred to the House Committee on Ways and Means, Subcommittee on Social Security.

Note: S. 521 (Brown D-OH) is companion legislation that was introduced on February 14, 2019. Staff is monitoring this companion legislation.

H.R. 624 - Waters, Maxine (D-CA) Introduced: 1/16/2019

CalPERS Position: Support

Promoting Transparent Standards for Corporate Insiders Act. Requires the Securities and Exchange Commission (SEC) to study and report on possible revisions to regulations regarding Rule 10b5-1 trading plans. Such plans allow certain employees of publicly traded corporations to sell their shares without violating prohibitions on insider trading. The bill requires the study and report to address multiple trading plans, the timing of trades under trading plans, the timing of trade plan modifications and cancellations, and the disclosure of trade plan adoptions, amendments, terminations and transactions. It also requires the SEC to revise regulations consistent with the results of the study.

Action Taken: Sent a letter to House Financial Services Chairwoman Waters and Ranking Member McHenry expressing support for H.R. 624 on January 22, 2019.

Status: 1/29/2019 - Referred to the Senate Committee on Banking, Housing, and Urban Affairs.

Note: S. 573 (Van Hollen D-MD) is companion legislation that was introduced on February 27, 2019. Staff is monitoring this companion legislation.

H.R. 748 - Courtney, Joe (D-CT) Introduced: 1/24/2019

CalPERS Position: N/A

Middle Class Health Benefits Tax Repeal Act of 2019. Repeals the excise tax on employer-sponsored health care coverage for which there is an excess benefit (high-cost plans). The repeal applies to taxable years beginning after December 31, 2019.

Action Taken: Monitoring

Status: 7/22/2019 - Placed on Senate Legislative Calendar under General Orders.

Note: S. 684 (Heinrich D-NM) is companion legislation that was introduced on March 6, 2019. Staff is monitoring this companion legislation.

A year-end budget bill, H.R. 1865, incorporated the provisions of H.R. 748 and was signed by the President on December 20, 2019 (Public Law No. 116-94).

H.R. 978 - Matsui, Doris (D-CA) Introduced: 2/5/2019

CalPERS Position: N/A

Clean and Efficient Cars Act of 2019. Codifies the Department of Transportation (DOT) and Environmental Protection Agency (EPA) standards established in 2012 for light-duty vehicle greenhouse gas emissions and Corporate Average Fuel Economy (CAFE) for model years 2021 through 2025. It also prohibits the DOT and EPA from establishing loopholes in those standards.

Action Taken: Monitoring

Status: 2/5/2019 - Referred to the House Committee on Energy and Commerce.

H.R. 2534 - Himes, James A. (D-CT) Introduced: 5/7/2019

CalPERS Position: Support

Insider Trading Prohibition Act. Makes it unlawful for a person to trade on material, nonpublic information when the information was wrongfully obtained, or when the use of such information to make a trade would be deemed wrongful and makes it unlawful to communicate that information to another person when it is reasonable that the person is likely to trade on that information.

Action Taken: Sent a letter to Speaker Pelosi and Minority Leader McCarthy expressing support for H.R. 2534 on December 3, 2019.

Status: 12/9/2019 - Referred to the Senate Committee on Banking, Housing, and Urban Affairs.

H.R. 2923 - Lee, Barbara (D-CA) Introduced: 5/22/2019

CalPERS Position: N/A

Inclusive Prosperity Act of 2019. Imposes a “financial transaction tax” on trades of stocks, bonds, and derivatives at the following rates: 0.5 percent for stocks, 0.1 percent for bonds, and 0.005 percent for derivatives.

Action Taken: Monitoring

Status: 5/22/2019 - Referred to the House Committee on Ways and Means.

Note: S. 1587 (Sanders I-VT) is companion legislation that was introduced on May 22, 2019. Staff is monitoring this companion legislation.

H.R. 3279 - Maloney, Carolyn B. (D-NY) Introduced: 6/13/2019

CalPERS Position: Support

Diversity in Corporate Leadership Act of 2019. Requires public companies to disclose, in any proxy or consent solicitation material for an annual shareholders meeting, the gender, racial, and ethnic composition of its board of directors and nominees for board membership. It also requires the SEC to establish a Diversity Advisory Group, composed of government, academic, and private-sector representatives, to study strategies for increasing gender, racial, and ethnic diversity among the members of public companies' boards of directors.

Action Taken: Monitoring

Status: 7/11/2019 - Passed the House Committee on Financial Services.

H.R. 3623 - Casten, Sean (D-IL) Introduced: 7/5/2019

CalPERS Position: Support

Climate Risk Disclosure Act of 2019. Requires public companies to report on (1) financial impacts related to risks posed to them by climate change, (2) their corporate governance processes to identify and manage climate-related risks, and (3) actions they are taking to mitigate those climate-related risks. It also requires the SEC to issue rules that (1) establish climate-related risk disclosure guidance and (2) require public companies to report risk management actions that companies are taking to address identified risks.

Action Taken: CalPERS testified in support of H.R. 3623 at the July 10, 2019 hearing of the House Committee on Financial Services.

Status: 7/16/2019 - Passed the House Committee on Financial Services.

Note: S. 2075 (Warren D-MA) is companion legislation that was introduced on July 10, 2019. Staff is monitoring this companion legislation.

H.R. 4329 - Vargas, Juan (D-CA) Introduced: 9/13/2019

CalPERS Position: Support

ESG Disclosure Simplification Act of 2019. Expresses Congress's sense that Environmental, Social, and Governance (ESG) disclosures are material for the SEC's disclosure purposes and requires the SEC to define ESG metrics and, in turn, require public companies to disclose their ESG metrics and views on the link between their ESG metrics and long-term business strategy. It also requires the SEC to establish a "Sustainable Finance Advisory Committee" that would make recommendations about what ESG metrics the SEC should require issuers to disclose. The bill would also require this Committee to submit a report to the SEC that identifies challenges and opportunities for investors associated with sustainable finance, and recommends policy changes to facilitate the flow of capital towards sustainable investments, and especially to environmentally sustainable investments.

Action Taken: CalPERS testified in support of H.R. 4329 at the July 10, 2019 hearing of the House Committee on Financial Services.

Status: 1/7/2020 - Placed on the House Union Calendar.

H.R. 4527 - Malinowski, Tom (D-NJ) Introduced: 9/26/2019

CalPERS Position: N/A

Expanding Health Care Options for Early Retirees Act. Provides an option for specified first responders age 50 to 64 who are separated from service due to disability or retirement to buy into Medicare Part A, B, and D benefits or an MA Plan. The bill directs the Secretary of the Health and Human Services (HHS) Agency to determine monthly premiums for enrolled first responders by estimating the average, annual per capita amount for benefits and administrative expenses for all estimated enrollees under this section.

Action Taken: Monitoring

Status: 12/10/2019 - House Energy and Commerce Subcommittee on Health hearings held.

Note: S. 2552 (Brown D-OH) is companion legislation that was introduced on September 26, 2019. Staff is monitoring this companion legislation.

H.R. 4540 - Neal, Richard (D-MA) Introduced: 9/27/2019

CalPERS Position: N/A

Public Servants Protection and Fairness Act. Creates a new, more proportional Windfall Elimination Provision formula. For those who are first eligible to receive Social Security before 2022 – the new formula does not apply. They get a monthly additional payment (a “rebate”). For those who are first eligible to receive Social Security starting in 2022 – they can use the current formula or the new formula, whichever is higher.

Action Taken: Monitoring

Status: 9/27/2019 - Referred to the House Committee on Ways and Means.

H.R. 5084 - Meeks, Gregory (D-NY) Introduced: 11/14/2019

CalPERS Position: Support

Improving Corporate Governance Through Diversity Act of 2019. Requires public companies to disclose the racial, ethnic, and gender composition of their boards of directors and executive officers (based on voluntary self-identification), as well as the status of any of those directors and officers as a veteran. It also requires the disclosure of any plan to promote racial, ethnic, and gender diversity among these groups. It also requires the Securities and Exchange Commission (SEC) to establish a Diversity Advisory Group to report on strategies to increase gender, racial, and ethnic diversity among board members.

Action Taken: Sent a letter to Senators Crapo and Brown expressing support for H.R. 5084 on December 6, 2019.

Status: 11/20/2019 - Referred to the Senate Committee on Banking, Housing, and Urban Affairs.

H.R. 5133 - Cicilline, David N. (D-RI) Introduced: 11/18/2019

CalPERS Position: N/A

Affordable Prescriptions for Patients Through Promoting Competition Act of 2019. Authorizes the Federal Trade Commission to prosecute pharmaceutical manufacturers that create non-substantive changes to prescriptions simply to extend their exclusive holds over parts of the pharmaceutical market.

Action Taken: Monitoring

Status: 11/21/2019 - Passed the House Committee on the Judiciary.

S. 64 - Klobuchar, Amy (D-MN) Introduced: 1/9/2019

CalPERS Position: Support

Preserve Access to Affordable Generics and Biosimilars Act. Prohibits brand name drug companies from compensating generic drug companies to delay the entry of a generic drug into the market and prohibits biological product manufacturers from compensating biosimilar and interchangeable companies to delay the entry of biosimilar biological products and interchangeable biological products.

Action Taken: Sent a letter to Senator Klobuchar expressing support for S. 64 on July 8, 2019.

Status: 1/9/2019 - Referred to the Senate Committee on the Judiciary.

Note: H.R. 2375 (Nadler D-NY) is companion legislation that was introduced on April 29, 2019. Staff is monitoring this companion legislation.

S. 80 - Barrasso, John (R-WY) Introduced: 1/10/2019

CalPERS Position: N/A

Jobs and Premium Protection Act. Repeals the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act.

Action Taken: Monitoring

Status: 1/10/2019 - Referred to the Senate Committee on Finance.

S. 172 - Gardner, Cory (R-CO) Introduced: 1/16/2019

CalPERS Position: N/A

Health Insurance Tax Relief Act of 2019. Delays the reimposition of the annual fee on health insurance providers until after 2021.

Action Taken: Monitoring

Status: 1/16/2019 - Referred to the Senate Committee on Finance.

Note: A year-end budget bill, H.R. 1865, incorporated the provisions of S. 172 and was signed by the President on December 20, 2019 (Public Law No. 116-94).

S. 340 - Leahy, Patrick J. (D-VT) Introduced: 2/5/2019

CalPERS Position: Support

Creating and Restoring Equal Access to Equivalent Samples Act of 2019. Promotes competition in the market for drugs and biological products by facilitating the timely entry of lower-cost generic and biosimilar versions of those drugs and biological products.

Action Taken: Sent a letter to Senator Leahy expressing support for S. 340 on July 8, 2019.

Status: 2/6/2019 - Placed on Senate Legislative Calendar under General Orders.

Note: H.R. 965 (Cicilline D-RI) is companion legislation that was introduced on February 5, 2019. Staff is monitoring this companion legislation.

A year-end budget bill, H.R. 1865, incorporated the provisions of S. 340 and was signed by the President on December 20, 2019 (Public Law No. 116-94).

S. 592 - Reed, Jack (D-RI) Introduced: 2/28/2019

CalPERS Position: N/A

Cybersecurity Disclosure Act of 2019. Requires the Securities and Exchange Commission (SEC) to issue final rules requiring publicly traded companies to disclose whether any member of its governing body has expertise or experience in cybersecurity in its mandatory annual report or annual proxy statement. If no member has such expertise or experience, the company must describe what other company cybersecurity steps were taken into account by the persons responsible for identifying and evaluating nominees for the governing body.

Action Taken: Monitoring

Status: 6/11/2019 - Referred to the Senate Committee on Banking, Housing, and Urban Affairs. Hearings held.

Note: H.R. 1731 (Himes D-CT) is companion legislation that was introduced on March 13, 2019. Staff is monitoring this companion legislation.

S. 647 - Schatz, Brian (D-HI) Introduced: 3/5/2019

CalPERS Position: N/A

Wall Street Tax Act of 2019. Taxes the sale of stocks, bonds, and derivatives at 0.1 percent. The tax would apply to the fair market value of equities and bonds, and the payment flows under derivatives contracts. Initial public offerings and short-term debt (with a maturity of less than 100 days) would be exempted.

Action Taken: Monitoring

Status: 3/5/2019 - Referred to the Senate Committee on Finance.

Note: H.R. 1516 (DeFazio D-OR) is companion legislation that was introduced on March 5, 2019. Staff is monitoring this companion legislation.

S. 1140 - Smith, Tina (D-MN) Introduced: 4/11/2019

CalPERS Position: Support

Protecting Access to Biosimilars Act of 2019. Subjects insulin to the Food and Drug Administration's (FDA's) biosimilar pathway intended to bring low-cost, generic insulin products to market. It ensures these products adhere to requirements that prevent the ability of insulin manufacturers to game the exclusivity system and keep their market share; and ensures older insulin products that are now regulated as biologics do not suddenly receive the 12-year exclusivity granted to newly-licensed biologics.

Action Taken: Sent a letter to Senator Smith expressing support for S. 1140 on July 18, 2019.

Status: 4/11/2019 - Referred to the Senate Committee on Health, Education, Labor and Pensions.

Note: H.R. 2011 (DeGette D-CO) is companion legislation that was introduced on April 1, 2019. Staff is monitoring this companion legislation.

S. 1169 - Gardner, Cory (R-CO) Introduced: 4/11/2019

CalPERS Position: Support

Ensuring Timely Access to Generics Act of 2019. Specifies factors that the Secretary of the Food and Drug Administration (FDA) must consider when determining whether citizen petitions have been submitted for the primary purpose of delaying approval of an application for biosimilar or generic drug manufacture. It also requires publication of such citizen petitions and requires referral of specified matters to the Federal Trade Commission (FTC).

Action Taken: Sent a letter to Senator Gardner expressing support for S. 1169 on July 18, 2019.

Status: 4/11/2019 - Referred to the Senate Committee on Health, Education, Labor and Pensions.

Note: H.R. 2455 (Joyce R-PA) is companion legislation that was introduced on May 1, 2019 and H.R. 2374 (Jeffries D-NY), H.R. 2387 (Levin D-MI), and S. 1224 (Klobuchar D-MN) are related legislation that staff is monitoring.

S. 1209 - Cassidy, Bill (R-LA) Introduced: 4/11/2019

CalPERS Position: N/A

Reforming Evergreening and Manipulation that Extends Drug Years Act. Amends the Abbreviated New Drug Application (ANDA) process used by the Food and Drug Administration (FDA) to review and approve generic prescription drugs listed in its Approved Drug Products with Therapeutic Equivalence Evaluations (Orange Book). Among other things, it allows generic manufacturers to enter the market based on their assessment of the secondary patent validity and the risk of legal action by a brand-name drug manufacturer once its drug substance patent and all exclusivities expire.

Action Taken: Monitoring

Status: 4/11/2019 - Referred to the Senate Committee on Health, Education, Labor and Pensions.

Note: H.R. 3812 (McKinley R-WV) is companion legislation that was introduced on July 17, 2019. Staff is monitoring this companion legislation.

S. 1895 - Alexander, Lamar (R-TN) Introduced: 6/19/2019

CalPERS Position: N/A

Lower Health Care Costs Act. Bipartisan health care reform legislation that, among other things, would end surprise medical billing by protecting patients against out-of-network deductibles in emergencies. This legislation would reduce prescription drug prices by ensuring timely access to generics and protecting access to biological products as well as improve transparency in health care by designating a nongovernmental, nonprofit entity to help ensure higher quality and lower cost health care. Additionally, this legislation would improve public health and the exchange of health information by improving early disease prevention, innovation and integrated services and requiring health insurers to make health claims, network, and cost information readily available to patients.

Action Taken: Monitoring

Status: 7/8/2019 - Placed on Senate Legislative Calendar under General Orders.

S. 2155 - Warren, Elizabeth (D-MA) Introduced: 7/17/2019

CalPERS Position: N/A

Stop Wall Street Looting Act. Holds private funds jointly and severally liable for debt incurred by a target firm, prohibits target firms from making a capital distribution during the 24 months following a leveraged buyout transaction, applies a 100% tax on “monitoring” and “transaction” fees paid by target firms to private fund managers, classifies severance pay owed to employees as administrative expenses for the purposes of Chapter 11 bankruptcy priority claims, taxes carried interest at income tax rates as opposed to at capital gains rates, and amends the Employee Retirement Income Security Act of 1974 (ERISA) to require private fund managers to have a fiduciary duty to pension plans whose assets they manage.

Action Taken: Monitoring

Status: 7/17/2019 - Referred to the Senate Committee on Finance.

Note: H.R. 3848 (Pocan D-WI) is companion legislation that was introduced on July 18, 2019. Staff is monitoring this companion legislation.

S. 2543 - Grassley, Chuck (R-IA) Introduced: 9/25/2019

CalPERS Position: N/A

Prescription Drug Pricing Reduction Act of 2019. Among other things, redesigns the Medicare Part D benefit, which includes establishing an out-of-pocket maximum for beneficiary cost sharing and splitting the cost of catastrophic phase claims between plan sponsors, the federal government, and drug manufacturers. Requires drug manufacturers to pay the federal government if prices for certain Part D drugs increase faster than inflation. Mandates disclosure of drug rebates, discounts, and other pharmacy benefit manager (PBM) contract provisions.

Action Taken: Monitoring

Status: 9/25/2019 - Placed on Senate Legislative Calendar under General Orders.

S. 2791 - Rubio, Marco (R-FL) Introduced: 11/6/2019

CalPERS Position: N/A

Taxpayers and Savers Protection Act. Prohibits the Federal Retirement Thrift Investment Board from investing Thrift Savings Plan funds in securities listed on mainland Chinese exchanges. It prohibits investment in issuers listed on foreign securities exchanges where the Public Company Accounting and Oversight Board (PCAOB) has not issued an audit inspection and where the PCAOB is prevented from conducting such inspections.

Action Taken: Monitoring

Status: 11/6/2019 - Referred to the Committee on Homeland Security and Governmental Affairs.

Note: H.R. 5018 (Meadows R-NC) is companion legislation that was introduced on November 8, 2019. Staff is monitoring this companion legislation.
