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April 4<sup>th</sup>, 2024

**TO:** State Association of County Retirement Systems  
**FROM:** Edelstein Gilbert Robson & Smith, LLC  
**RE:** **Legislative Update – April 2024**

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The Legislature returned from its Spring Recess on March 21<sup>st</sup> and committee hearings are in full swing. April is traditionally the busiest month of the year for the Legislature as the newly introduced bills must be passed out of policy committees by the end of the month. Some of the committee agendas will be very long and hearings commonly go well into the evening. Most of May and early June will be dedicated to addressing the State's massive budget deficit, which is estimated to be between \$37 and \$73 billion, depending on who you ask. So far, the Governor and Legislature have failed to agree on an "early action" budget compromise intended to shrink the deficit by making cuts in the current budget year. The stalemate on cutting some non-controversial items in the current year does not bode well for the larger budget decisions that must be made by the June 15 deadline to pass a State Budget.

A few bills of interest to SACRS have recently been amended, which we have outlined below:

- **AB 3025** – This is an amended spot bill. The new text of requires county retirement systems to adjust benefits for retired members, survivors, or beneficiaries whose final compensation included disallowed compensation, crediting contributions made on the disallowed compensation, and establishing conditions for repayment by employers, while also authorizing employers to submit proposed compensation items for pension calculations for review and guidance from the retirement system. SACRS Legislative Committee Co-Chairs met with the sponsors of AB 3025 and are working collaboratively to make sure SACRS systems can properly implement the bill.

- **SB 1499** – This measure aligns the Personal Income Tax Law with federal law by adjusting catch-up limits for retirement contributions based on age and increasing contribution limits for simple plans, while also requiring additional information for any bill authorizing a new tax expenditure. Amended to strike Sections 408(p)(2) and Section 414(v)(2) of the line 16 Internal Revenue Code from applying. The amendments also establish a 2029 deadline for the Legislative Analyst’s Office to submit a report on how many taxpayers are utilizing these tax benefits.
- **SB 908** – This bill, previously the Government Transparency Act Initiative, has been gutted and amended. It is now a public health bill on fentanyl and will be removed from the SACRS tracking list.
- **AB 2770** – As amended, this bill revises the interest calculation for purchasing additional service credit and redepositing retirement contributions in the State Teachers’ Retirement System, requiring members to sign and return necessary documents within 35 days, and extends the repeal date for disability retirement provisions related to post-traumatic stress disorder; it also removes return receipt requirements for the payment of accumulated contributions to discontinued members and makes technical changes to the Judges’ Retirement Law. This bill recently passed out of committee.
- **SB 1240** – This bill allows a successor agency for the El Dorado County Fire Protection District and the Diamond Springs Fire Protection District to provide their employees with the defined benefit plan or formula they received prior to annexation, making legislative findings and declarations for the necessity of a special statute for the County of El Dorado, and declaring it to take effect immediately as an urgency statute. Amended to strike language requiring the successor agency to designate surviving contracts within 180 days of the annexation.
- **SB 1260** – This bill was gutted and amended. Previously, this bill would have established the Office of the Inspector General for the Public Employees’ Retirement System (CalPERS), appointing an Inspector General to oversee internal investigations, the disciplinary process, and audits or reviews of CalPERS. Now, this is a transportation bill regarding high-speed rail and will be removed from the SACRS tracking list.
- **AB 2284** – authorizes a retirement system, to the extent that it has not defined work classification “grades” to define “grade” to mean a number of employees considered together because they share similarities in job duties, schedules, unit recruitment requirements, work location, collective bargaining unit, or other logical work-related grouping. SACRS Legislative Committee Co-Chairs met with the sponsors and will continue to work on the bill to ensure it can be enacted in compliance with PEPRA.

- **AB 2474** – amends the County Employees Retirement Law of 1937 regarding benefit payments and overpayments, allowing for retirement allowances or benefits to be deposited into prepaid accounts, extending the period of employment for retired persons in certain positions, and considering a retired person's retirement allowance as an overpayment subject to collection if they are employed beyond specified limits. This bill continues to be discussed with amendments forthcoming.
- **AB 2301** – As amended, this bill, the Sacramento Area Sewer District Pension Protection Act of 2024, would transfer employees and associated obligations from the County of Sacramento to the Sacramento Area Sewer District, ensuring continuity of retirement benefits and assuming rights and obligations under existing retirement laws, with legislative findings emphasizing the necessity of a special statute for the County of Sacramento, and declaring it an urgency statute to take effect immediately.