



TO: State Association of County Retirement Systems
FROM: Cara Martinson, Public House Consulting
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DATE: July 3, 2025
RE: **Legislative Update – July 2025**

Governor Gavin Newsom signed California's 2025/26 budget into law last Friday, just ahead of the start of the new fiscal year. Alongside the budget, he also signed SB 131 — a significant overhaul of the California Environmental Quality Act (CEQA) for infill housing — a policy he had made a key condition for his approval of the budget.

While the Legislature passed an initial budget bill on June 15 to meet its constitutional deadline, negotiations continued throughout the remainder of the month. The final Budget Act of 2025 authorizes \$321.1 billion in total spending, including \$228.4 billion from the General Fund. The budget is balanced and includes \$15.7 billion in total reserves, with \$11.2 billion in the Rainy-Day Fund and \$4.5 billion in other reserves.

Governor Newsom had emphasized that CEQA reform was a prerequisite for his support of the budget – pointing to the proposal as a key tool California needs to address its affordability and homelessness crisis. SB 131 delivers on that priority, introducing major changes aimed at streamlining environmental review for infill housing projects, as well as certain other developments such as broadband infrastructure, healthcare facilities, and wildfire mitigation projects. Despite significant opposition from environmental groups, the bill passed with strong bipartisan support in the Legislature.

With the budget now enacted, lawmakers are shifting focus to the policy committee deadline of July 18, by which time all bills must pass through their respective policy committees. The Legislature will then recess for their summer break, reconvening on August 18. Upon their return, bills will advance to the Appropriations Committees and then to floor votes. The Legislature is scheduled to adjourn for the year on September 12.

SACRS is tracking the following bills:

- **ACA 2 (Jackson)** - seeks to reinstate retirement for State Legislators. ACA 2 would establish a retirement system specifically for legislators elected or serving from November 1, 2010 onward. To qualify, legislators would be required to serve at least 10 years. If their service is less than 10 years,



- legislators could transfer their accumulated service credits to another public pension or retirement system they are a part of. Status: This bill did not receive a hearing and is now a 2-year bill.
- **AB 259 (Rubio)** - was amended to extend the 2026 sunset on existing laws governing teleconferencing procedures for public meetings to 2030. This bill is sponsored the CA Special District's Association (CSDA). Status: This bill will be heard in the Senate Judiciary Committee on 7/15.
 - **AB 288 (McKinnor)** - expands the jurisdiction of the Public Employment Relations Board (PERB) by authorizing certain workers to petition the PERB to protect and enforce their rights. Status: This bill passed out of the Senate Committee on Labor and Public Employment and Retirement and will be heard in the Senate Judiciary Committee on 7/8.
 - **AB 339 (Ortega)** - would require the governing body of a public agency to give a recognized employee organization no less than 120 days' written notice before issuing a request for proposals, request for quotes, or renewing or extending an existing contract to perform services that are within the scope of work of the job classifications represented by the recognized employee organization. Status: This bill will be heard in the Senate Committee on Labor and Public Employment and Retirement on 7/9.
 - **AB 340 (Ahrens)** - would prohibit a public agency employer from questioning any employee or employee representative regarding communications made in confidence between an employee and an employee representative in connection with representation relating to any matter within the scope of the recognized employee organization's representation. Status: This bill passed out of the Senate PERS Committee and is awaiting review in the Senate Judiciary Committee.
 - **AB 409 (Arambula)** - would extend the 2026 sunset on existing laws governing teleconferencing procedures for California Community College student body associations and student-run community college organizations to 2030. Status: This bill passed out of the Assembly and has been referred to the Senate Local Government and Education Committee.
 - **AB 467 (Fong)** – would extend the sunset date from 2026 to 2030 (as opposed to 2031) for teleconferencing procedures for neighborhood councils, defined as an advisory body with the purpose to promote more citizen



- participation in government and make government more responsive to local needs that is established pursuant to the charter of a city with a population of more than 3,000,000 people that is subject to the Brown Act. Status: This bill will be heard in the Senate Judiciary on 7/15.
- **AB 569 (Stefani)** - was amended to maintain the proposed authorization to negotiate contributions to supplemental Defined Benefit plans but also maintain consistency with the existing PEPRA prohibitions and limitations. Status: This bill was held on the Appropriations Suspense File and is now a 2-year bill.
 - **AB 814 (Schiavo)**– This bill excludes from gross income, under the Personal Income Tax (PIT) Law, peace officer retirement pay and amounts received by the beneficiary of an annuity plan set up for the surviving spouse or dependent of a person that lost their life in services as a peace officer. Status: This bill was held on the Assembly Appropriations Suspense File.
 - **AB 1054 (Gipson)** – This bill would establish the Deferred Retirement Option Program as a voluntary program within PERS for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). The bill would require these state bargaining units to bargain with the Department of Human Resources to implement the program. The bill would also require the program to result in a cost savings or be cost neutral. The bill would further require the department to work with the board of PERS to develop the program. Status: This bill was not taken up in the Assembly PERS Committee and is a 2-year bill.
 - **AB 1323 (Chen)** – would increase the compensation rate for certain members of the Orange County Board of Retirement to not more than \$320 per meeting. Status: This bill did not receive a policy committee hearing and is now a 2-year bill.
 - **AB 1383 (McKinnor)** - This bill would establish new retirement formulas, for employees first hired on or after January 1, 2026, as 2.5% at age 55, 2.7% at age 55, or 3% at age 55. For new members hired on or after January 1, 2013, who are safety members, the bill would require employers to adjust the formulas for service performed on or after January 1, 2026, to offer one of the 3 formulas for safety members that is closest to the formula the employer provided pursuant to existing law. The bill would authorize a public employer



- and a recognized employee organization to negotiate a prospective increase to the retirement benefit formulas for members and new members, consistent with the formulas permitted under the act. This bill would authorize an employer and its employees to agree in a memorandum of understanding to be subject to a higher safety plan or a lower safety plan, subject to certain requirements, including that the memorandum of understanding is collectively bargained in accordance with applicable laws. Status: This bill was held on the Assembly Suspense File and is now a 2-year bill.
- **AB 1439 (Garcia)** - would prohibit the board of a public pension or retirement system from making any additional or new investments of public employee pension or retirement funds in development projects in California or providing financing for those projects with public employee pension or retirement funds unless those projects include labor standards protections. Status: This bill did not receive a policy committee hearing and is now a 2-year bill.
 - **SB 239 (Arreguín)** - allows flexibility for remote meetings of local advisory bodies (“subsidiary bodies” in the language of the bill). Specifically, this bill would allow the subsidiary body of a local agency to teleconference their meetings without having to make all locations publicly available and would require the subsidiary body to post the agenda at each physical meeting location. The bill also sunsets these provisions in 2030. Status: The bill was moved in the inactive file. The sponsors of this bill are now working with Senator Durazo on SB 707 as the consensus measure.
 - **SB 301 (Grayson)** - would beginning on or after January 1, 2026, prohibit a city or district that contracts with a retirement system under the CERL from amending their contract with the system in a manner that provides for the exclusion of some, but not all, employees. This bill passed out of the Assembly PERS committee and has been referred to the Assembly floor.
 - **SB 443 (Rubio)** - This bill authorizes, on or after January 1, 2026, the Pajaro Regional Flood Management Agency (PRFMA) to offer an employee the pre-Public Employee Pension Reform Act of 2013 (PEPRA) defined benefit (DB) retirement plan or formula if the employee was already subject to that retirement plan or formula as an employee of the member agency (a “pre-PEPRA” employee). Similarly, the bill authorizes a non-founding member agency of a JPA formed on or after January 1, 2013, to offer a pre-PEPRA DB retirement plan or formula to an employee within 180 days of the agency becoming a member of the JPA.



Status: This bill passed out of the Assembly Appropriations Committee and is awaiting action on the Assembly Floor.

- **SB 470 (Laird)** – would delete the 2026 sunset on existing laws governing teleconferencing procedures for state agencies relative to the Bagley-Keene Open Meeting Act and extend the sunset provision to 2030. Status: This bill will be heard in the Assembly Governmental Organization Committee on 7/9.
- **SB 707 (Durazo)** - would add additional teleconferencing meeting requirements for certain local governments until 2030 to allow members of the public to attend a public meeting via a two-way teleconferencing option. The bill would also require additional alternative language noticing requirements, among other requirements. The sponsors of SB 239 (Arreguin) are now working with Senator Durazo and have amended the bill to narrow the public participation requirements to cities, counties and special districts with certain population thresholds. The bill's two-way conferencing and translation requirements appear to no longer apply to the County Boards of Retirement. Additional amendments are expected in the Assembly related to remote comments. Status: The bill will be heard in the Assembly Local Government Committee on 7/16.
- **SB 853 (Committee Omnibus Bill)** - includes clarifying changes to the CERL:
 - Clarifies that for members subject to PEPRA, the retirement association shall compute absences using the member's pensionable compensation at the beginning of the member's absence.
 - Clarifies that where a member's service through reclassification, has been converted from general to safety member service, service converted after PEPRA's effective date is subject to PEPRA's prohibition of retroactive benefits. Thus, clarifies that conversion shall apply only to service after the operative date of the reclassification and not to all prior service.
 - Clarifies how CERL employers should report retired annuitants to their retirement association.
 - STATUS: This bill passed out of the Assembly PERS Committee and will be heard in the Assembly Appropriations Committee on 7/2.

Contact:

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