

AMENDED IN SENATE APRIL 5, 2010

SENATE BILL

No. 1271

Introduced by Senator Romero

February 19, 2010

~~An act to add Section 7508.2 to the Government Code, relating to public retirement plans. An act to add Section 87314 to the Government Code, relating to the Political Reform Act of 1974.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1271, as amended, Romero. ~~Public retirement plans: conflicts of interest. Political Reform Act of 1974: conflict of interest codes.~~

The Political Reform Act of 1974 requires each state and local government agency to adopt and promulgate a conflict of interest code that establishes conflict of interest standards for designated employees of that agency and requires those employees to file statements of economic interest disclosing specified personal financial information. The act further requires specified public officials, including officials who manage public investments, to also file statements of economic interest, but does not require those officials to be specifically enumerated in the agency's conflict of interest code.

This bill would require a public retirement board, commission, or agency to attach to its conflict of interest code an appendix that lists each position for which an individual occupying that position is required to file a statement of economic interests as a public official who manages public investments, as defined. The bill would further require the board, commission, or agency to post the appendix on its Internet Web site.

This bill would impose a state-mandated local program by creating additional responsibilities for local governmental agencies.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a ²/₃ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

~~The Political Reform Act requires state and local government agencies to adopt and promulgate a Conflict of Interest Code. Regulations found in the California Code of Regulations constitute the California Public Employees’ Retirement System’s Conflict of Interest Code.~~

~~This bill would codify those regulations and make them applicable to all public retirement boards.~~

Vote: ~~majority~~²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~^{yes}.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 87314 is added to the Government Code,
- 2 to read:
- 3 87314. (a) A public retirement board, commission, or agency
- 4 shall attach to its Conflict of Interest Code an appendix entitled
- 5 “Agency Positions that Manage Public Investments for Purposes
- 6 of Section 87200 of the Government Code.” The appendix shall
- 7 list each position with the board, commission, or agency for which
- 8 an individual occupying the position is required to file a Statement
- 9 of Economic Interests as a public official who manages public
- 10 investments within the meaning of Section 87200. The board,
- 11 commission, or agency shall post the appendix on its Internet Web
- 12 site in a manner that makes it easily identifiable and accessible
- 13 by persons who view that Web site.
- 14 (b) (1) For purposes of this section, “public official who
- 15 manages public investments” includes a salaried or unsalaried
- 16 member of a committee, board, commission, or other entity that

1 exists as, or within, a governmental agency and that possesses
2 decisionmaking authority.

3 (2) A committee, board, commission, or other entity possesses
4 decisionmaking authority for purposes of this section if any of the
5 following apply:

6 (A) The entity may make a final governmental decision.

7 (B) The entity may compel a governmental decision or prevent
8 a governmental decision, either by virtue of possessing exclusive
9 power to initiate the decision or by having veto authority that may
10 not be overridden.

11 (C) The entity makes substantive recommendations that are,
12 and over an extended period of time have been, regularly approved,
13 without significant amendment or modification, by another public
14 official or governmental agency.

15 (3) A committee, board, commission, or other entity does not
16 possess decisionmaking authority for purposes of this section if it
17 is formed for the sole purpose of researching a subject and
18 preparing a report or recommendation for submission to another
19 governmental entity that has final decisionmaking authority.

20 SEC. 2. If the Commission on State Mandates determines that
21 this act contains costs mandated by the state, reimbursement to
22 local agencies and school districts for those costs shall be made
23 pursuant to Part 7 (commencing with Section 17500) of Division
24 4 of Title 2 of the Government Code.

25 SEC. 3. The Legislature finds and declares that this bill furthers
26 the purposes of the Political Reform Act of 1974 within the meaning
27 of subdivision (a) of Section 81012 of the Government Code.

28 SECTION 1. Section 7508.2 is added to the Government Code,
29 to read:

30 ~~7508.2.—(a) The purpose of this Conflict of Interest Code is to~~
31 ~~facilitate the disclosure of the economic interests of public officials~~
32 ~~serving any public retirement system that may be materially~~
33 ~~affected by the actions of the retirement boards in which they~~
34 ~~participate.~~

35 ~~(b) Designated employees, consultants, board members, and~~
36 ~~candidates shall file statements of economic interests with the~~
37 ~~retirement board's filing officer. With respect to certain employees~~
38 ~~and officials such as board members who are determined to manage~~
39 ~~public investments, within the meaning of Section 87200, the~~
40 ~~retirement system shall make and retain a copy and forward the~~

1 original of these statements to the Fair Political Practices
2 Commission. Public officials who manage investments are listed
3 for clarity in the appendix of Section 560 of Title 2 of the
4 California Code of Regulations. Unlike the designated employees,
5 these officials' reporting obligations are not limited by reference
6 to a reporting category.

7 (e) This provision incorporates by reference Sections 560 and
8 18730 of Title 2 of the California Code of Regulations, and any
9 amendments to it duly adopted by the Fair Political Practices
10 Commission. Those regulations along with the attached appendix
11 in which officials and employees are designated and disclosure
12 categories are set forth, constitute the Conflict of Interest Code for
13 all public retirement boards.

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