

## **Assembly Bill No. 873**

### CHAPTER 551

An act to add Sections 87408, 87409, and 87410 to the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor October 7, 2011. Filed with  
Secretary of State October 7, 2011.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 873, Furutani. Political Reform Act of 1974: postgovernment employment restrictions.

The Public Employees' Retirement Law creates the Public Employees' Retirement Fund, which is a trust fund created and administered solely for the benefit of the members and retired members of this system and their survivors and beneficiaries. The Board of Administration of the Public Employees' Retirement System (PERS) has the exclusive control of the administration and investment of the retirement fund.

The Teachers' Retirement Law establishes the State Teachers' Retirement System (STRS) in order to provide a financially sound plan for the retirement, with adequate retirement allowances, for teachers in public schools of the state, teachers in schools supported by the state, and other persons employed in connection with the schools. The plan and the system are administered by the Teachers' Retirement Board.

The Political Reform Act of 1974 imposes specified restrictions on the postgovernment employment activities of elected state officers and designated employees of state administrative agencies, including prohibiting those individuals from representing another person, by means of an appearance or communication, before a state administrative agency for the purpose of influencing specified actions for a period of one year after leaving state service.

This bill would prohibit members of the Board of Administration of PERS, members of the Teachers' Retirement Board, and specified officers and employees of PERS and STRS from engaging in certain employment activities after leaving service with PERS or STRS. Specifically, the bill would prohibit those individuals from representing another person, by means of an appearance or communication, before PERS or STRS for the purpose of influencing specified actions for a period of 4 years after leaving service with PERS or STRS. The bill would also prohibit those individuals from aiding, advising, consulting with, or assisting a business entity, for a period of 2 years after leaving service with PERS or STRS, in obtaining the award of, or in negotiating, a contract or contract amendment with PERS or STRS. In addition, the bill would prohibit those individuals from accepting compensation for providing services as a placement agent, for a period of

10 years after leaving service with PERS or STRS, in connection with investments or other business of PERS or STRS.

Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

This bill would impose a state-mandated local program by creating additional crimes.

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 no reimbursement is required by this act for a specified reason.

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  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

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

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

SECTION 1. Section 87408 is added to the Government Code, to read:

87408. (a) A member of the Board of Administration of the Public Employees' Retirement System, an individual in a position designated in subdivision (a) or (e) of Section 20098, or an information technology or health benefits manager with a career executive assignment designation with the Public Employees' Retirement System, for a period of four years after leaving that office or position, shall not, for compensation, act as an agent or attorney for, or otherwise represent, any other person, except the state, by making a formal or informal appearance before, or an oral or written communication to, the Public Employees' Retirement System, or an officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing an action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property.

(b) A member of the Teachers' Retirement Board, an individual in a position designated in subdivision (a) or (d) of Section 22212.5 of the Education Code, or an information technology manager with a career executive assignment designation with the State Teachers' Retirement System, for a period of four years after leaving that office or position, shall not, for compensation, act as an agent or attorney for, or otherwise represent, any other person, except the state, by making a formal or informal appearance before, or an oral or written communication to, the State Teachers' Retirement System, or an officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or influencing an action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, or contract, or the sale or purchase of goods or property.

SEC. 2. Section 87409 is added to the Government Code, to read:

87409. (a) A member of the Board of Administration of the Public Employees' Retirement System, an individual in a position designated in subdivision (a) or (e) of Section 20098, or an information technology or health benefits manager with a career executive assignment designation with the Public Employees' Retirement System, for a period of two years after leaving that office or position, shall not, for compensation, aid, advise, consult with, or assist a business entity in obtaining the award of, or in negotiating, a contract or contract amendment with the Public Employees' Retirement System.

(b) A member of the Teachers' Retirement Board, an individual in a position designated in subdivision (a) or (d) of Section 22212.5 of the Education Code, or an information technology manager with a career executive assignment designation with the State Teachers' Retirement System, for a period of two years after leaving that office or position, shall not, for compensation, aid, advise, consult with, or assist a business entity in obtaining the award of, or in negotiating, a contract or contract amendment with the State Teachers' Retirement System.

(c) For purposes of this section, "business entity" has the same meaning as set forth in Section 82005, and includes a parent or subsidiary of a business entity.

SEC. 3. Section 87410 is added to the Government Code, to read:

87410. (a) A member of the Board of Administration of the Public Employees' Retirement System or an individual in a position designated in subdivision (a) or (e) of Section 20098, for a period of 10 years after leaving that office or position, shall not accept compensation for providing services as a placement agent in connection with investments or other business of the Public Employees' Retirement System or the State Teachers' Retirement System.

(b) A member of the Teachers' Retirement Board or an individual in a position designated in subdivision (a) or (d) of Section 22212.5 of the Education Code, for a period of 10 years after leaving that office or position, shall not accept compensation for providing services as a placement agent in connection with investments or other business of the State Teachers' Retirement System or the Public Employees' Retirement System.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 5. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.

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