

ASSEMBLY BILL

No. 868

Introduced by Assembly Member Obernolte

February 26, 2015

An act to amend Sections 20588 and 31657 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 868, as introduced, Obernolte. Public Employees' Retirement System: contracting agencies: transfer of membership.

Existing law authorizes public agencies to contract with the Board of Administration of the Public Employees' Retirement System to have their employees become members of the Public Employees' Retirement System (PERS). Existing law, with respect to the Counties of Kern, Los Angeles, and Orange, permits the board to enter into an agreement with the contracting agency's board of retirement for termination of the contracting agency's participation in PERS and inclusion of the agency's employees in the retirement system of the city or county, if specified requirements are met, with respect to certain safety members, including firefighters. The County Employees Retirement Law of 1937 establishes a corresponding authority for accepting these people as members for retirement systems created pursuant to its provisions, and granting them service credit for their service credited by PERS.

This bill would expand the application of the provisions described above to the County of San Bernardino.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 20588 of the Government Code is
2 amended to read:

3 20588. (a) Notwithstanding any other provision of this article,
4 the board may, pursuant to this section and Section 31657, enter
5 into an agreement with the board of retirement of a county
6 maintaining a county retirement system, for termination of
7 participation of a public agency whose contract has been in effect
8 for at least five years in this system or the state with respect to
9 certain safety members who have ceased to be employed by the
10 public agency or the state and have been employed by a county,
11 fire authority, or district as a result of a transfer of firefighting or
12 law enforcement functions from the public agency or the state to
13 the county, fire authority, or district and inclusion of the former
14 public agency employees in that county retirement system.

15 (b) The agreement shall contain provisions the board finds
16 necessary to protect the interests of this system, including
17 provisions for determination of the amount, time, and manner of
18 transfer of cash or securities, or both, to be transferred to the county
19 system representing the actuarial value of the interests in the
20 retirement fund of the public agency or the state and the transferred
21 employees by reason of accumulated contributions credited to that
22 public agency or the state and the employees transferred. The
23 agreement may also contain any other provisions that the board
24 deems necessary to address issues related to the transfer, including,
25 but not limited to, benefits subject to an outstanding domestic
26 relations order and benefits subject to a lien. The agreement shall
27 apply only to employees who are employed by the county or district
28 on the effective date of the agreement.

29 (c) All liability of this system with respect to the members
30 transferred under that agreement shall cease and shall become the
31 liability of the county retirement system as of the date of transfer
32 specified in the agreement. Liability of the county retirement
33 system shall be for payment of benefits to transferred employees
34 in accordance with Chapter 3 (commencing with Section 31450)
35 of Part 3 of Division 4 of Title 3.

36 (d) Any member transferred who becomes a member of a county
37 retirement system upon that transfer date shall be subject to
38 provisions of this part and of Chapter 3 (commencing with Section

1 31450) of Part 3 of Division 4 of Title 3 extending rights to a
2 member or subjecting him or her to limitations because of
3 membership in another retirement system to the same extent that
4 he or she would have been had he or she been a member of the
5 county retirement system during his or her membership in this
6 system.

7 (e) This section shall apply only in *the Counties of Kern, Los*
8 *Angeles, and Orange Counties, and San Bernardino.*

9 SEC. 2. Section 31657 of the Government Code is amended
10 to read:

11 31657. Subject to Section 20588, whenever, as a result of the
12 assumption by a county, fire authority, or district of firefighting
13 or law enforcement functions performed by a public agency or the
14 state subject to the Public Employees' Retirement Law, any person
15 ceases to be employed by a public agency or the state and is
16 employed by a county, fire authority, or district in which this
17 chapter has become operative, that person shall become a member
18 of the retirement system of a county immediately upon entering
19 county service. That member of the county retirement system shall
20 be entitled to service credit in the county retirement system for the
21 service for which he or she was entitled to credit in the Public
22 Employees' Retirement System at the time of cessation of
23 employment by the public agency or the state, without necessity
24 of payment of any additional contributions in respect to that
25 service, when and if all of the following occur:

26 (a) The board of retirement receives certification from the Board
27 of Administration of the Public Employees' Retirement System
28 of the service with which the person was entitled to be credited by
29 the Public Employees' Retirement System at the time of cessation
30 of his or her public agency or state employment.

31 (b) There is paid into the county retirement fund of the county,
32 an amount equal to the normal contributions of the person to the
33 Public Employees' Retirement System, together with all interest
34 credited thereto, which amount shall be credited to the individual
35 account of the member in the county retirement system, and shall
36 thereafter for all purposes be deemed to be the member's
37 contribution to the county retirement system with respect to the
38 service so certified.

39 (c) There is paid to the retirement system of the county an
40 amount equal to all contributions of the public agency or the state

1 made to the Public Employees' Retirement System on account of
2 service rendered by the person together with interest credited to
3 the public agency or the state thereto.

4 (d) The board of retirement elects to apply this section as a
5 prudent means of mitigating against potential adverse financial
6 impact upon the county retirement system from the cost of
7 disability retirements that may be applied for in the future by
8 persons injured while being employed by the county, fire authority,
9 or district after ceasing to be employed by a public agency or the
10 state as a result of the assumption by a county, fire authority, or
11 district of firefighting or law enforcement functions.

12 This section shall apply in a county of the first, the second, *the*
13 *seventh*, or the fourteenth class, as defined by Section 28020, as
14 amended by Chapter 1204 of the Statutes of 1971, and Section
15 28022, as amended by Chapter 43 of the Statutes of 1961, and
16 ~~Section 28023~~, *Sections 28023, 28028, and 28035*, as amended
17 by Chapter 1204 of the Statutes of 1971.