

AMENDED IN ASSEMBLY MARCH 17, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2490**

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**Introduced by Assembly Member Gatto**

February 19, 2016

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~~An act relating to pension system investments. An act to amend Section 19522 of the Revenue and Taxation Code, relating to taxation.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2490, as amended, Gatto. ~~Pension system investments. Franchise Tax Board: federal tax law changes: report.~~

*Existing law requires the Franchise Tax Board to submit to the Legislature, and to make available to the public, on or before January 10 of each year, a report on all of the changes to the Internal Revenue Code enacted into law in the prior year, as provided.*

*This bill would instead require that report to be submitted and made available on or before January 31 of each year. The bill would make other nonsubstantive changes.*

~~The California Constitution grants the retirement board of a public pension or retirement system plenary authority and fiduciary responsibility for the investment of moneys and administration of the system. The constitution authorizes the Legislature to prohibit certain investments when it is in the public interest to do so and the prohibition satisfies standards of fiduciary care and loyalty. Existing law requires the Board of Administration of Public Employees' Retirement System to provide an annual report to the Governor and the Legislature regarding its financial statements and investments for the fiscal year and a quarterly review of system assets to the Legislature.~~

~~This bill would state the intent of the Legislature to enact legislation that would require equity firms that contract for investment services with the Board of Administration of the Public Employees' Retirement System and other pension systems to provide a clear accounting of clawbacks owed to the systems and to require the pension systems to track their clawbacks.~~

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

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

1     SECTION 1. Section 19522 of the Revenue and Taxation Code  
2     is amended to read:  
3     19522. (a) (1) (A) On or before ~~the 10th~~ January 31 of  
4     January each year, the Franchise Tax Board shall submit to the  
5     Legislature a report on all changes to the Internal Revenue Code  
6     enacted into law in the prior year. To the extent possible, the report  
7     shall contain an estimate of the revenue effect of conforming  
8     California law to each of those changes.  
9     (B) In the event that changes to the Internal Revenue Code are  
10    enacted after September 15 of any year, the report described in  
11    subparagraph (A) shall be submitted to the Legislature within 120  
12    days after signature by the President of the United States, rather  
13    ~~than the 10th of January.~~ January 31.  
14    (2) The report required by this section shall be made available  
15    to the public.  
16    (3) It is the intent of the Legislature that the policy committee  
17    of each house of the Legislature hold at least one public hearing  
18    on the report required by this section.  
19    (b) For any introduced bill ~~which that~~ proposes changes in any  
20    of the dates in Section 17024.5, the Franchise Tax Board shall  
21    prepare a complete analysis of the bill ~~which that~~ describes all  
22    changes to state law ~~which that~~ will automatically occur by  
23    reference to federal law as of the changed date. The Franchise Tax  
24    Board shall immediately update and supplement that analysis upon  
25    any amendment to the bill. That analysis shall be made available  
26    to the public and shall be submitted to the Legislature for  
27    publication in the daily journal of each house of the Legislature.  
28    The digest of the Legislative Counsel shall indicate that an analysis

1 of the bill shall be prepared by the Franchise Tax Board and printed  
2 in the daily journal of each house of the Legislature.

3 ~~SECTION 1. It is the intent of the Legislature to enact~~  
4 ~~legislation that would require the equity firms that contract with~~  
5 ~~the Board of Administration of the Public Employees' Retirement~~  
6 ~~System and other pension systems for the purpose of providing~~  
7 ~~investment services to provide a clear accounting of clawbacks~~  
8 ~~owed to the systems and to require the pension systems to track~~  
9 ~~their clawbacks.~~

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