

AMENDED IN ASSEMBLY MARCH 10, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1383

Introduced by Assembly Member McKinnor

February 21, 2025

An act to ~~repeal and add Section 2068 of the Labor Code, relating to private employment; amend Section 7522.10 of the Government Code, relating to public employees' retirement, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1383, as amended, McKinnor. ~~Car washing and polishing; reporting.~~ *Public employees' retirement benefits.*

The Public Employees' Retirement Law (PERL) establishes the Public Employees' Retirement System (PERS) to provide a defined benefit to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. Existing law creates the Public Employees' Retirement Fund, which is continuously appropriated for purposes of PERS, including depositing employer and employee contributions. Under the California Constitution, assets of a public pension or retirement system are trust funds.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) establishes a variety of requirements and restrictions on public employers offering defined benefit pension plans. In this regard, PEPRA restricts the amount of compensation that may be applied for purposes of calculating a defined pension benefit for a new member, as defined, by restricting it to specified percentages of the contribution and benefit base under a specified federal law with respect to old age, survivors, and disability insurance benefits.

This bill, on and after January 1, 2026, would require a retirement system to adjust pensionable compensation limits to be consistent with a defined benefit limitation established and annually adjusted under federal law with respect to tax exempt qualified trusts. By increasing the contribution to continuously appropriated funds, this bill would make an appropriation.

~~Existing law authorizes the Labor Commissioner to adopt regulations necessary to carry out specified provisions relating to car washing and polishing, and requires the Division of Labor Standards Enforcement to enforce those provisions.~~

~~Existing law required the commissioner to, on or before December 31, 2008, study and report to the Legislature on the status of labor law violations and enforcement in the car washing and polishing industry.~~

~~This bill would repeal that provision and would, instead, require the commissioner to annually, on or before December 31, complete a study and submit a report, as specified, to the Legislature on the status of labor law violations and enforcement in the car washing and polishing industry and the total number of registered car washing and polishing businesses in the state.~~

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

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

- 1 SECTION 1. Section 7522.10 of the Government Code is
2 amended to read:
3 7522.10. (a) On and after January 1, 2013, each public
4 retirement system shall modify its plan or plans to comply with
5 the requirements of this section for each public employer that
6 participates in the system.
7 (b) Whenever pensionable compensation, as defined in Section
8 7522.34, is used in the calculation of a benefit, the pensionable
9 compensation shall be subject to the limitations set forth in
10 subdivision (c).
11 (c) (1) The pensionable compensation used to calculate the
12 defined benefit paid to a new member who retires from the system
13 shall not exceed the following applicable percentage of the
14 contribution and benefit base specified in Section 430(b) of Title
15 42 of the United States Code on January 1, 2013:
16 (1)

1 (A) One hundred percent for a member whose service is included
2 in the federal system.

3 ~~(2)~~

4 (B) One hundred twenty percent for a member whose service
5 is not included in the federal system.

6 (2) *On and after January 1, 2026, a retirement system subject*
7 *to this article shall adjust pensionable compensation limits*
8 *established by this subdivision to be consistent with the defined*
9 *benefit rate established by Section 415(b)(1)(A) of Title 26 of the*
10 *United States Code, as adjusted annually.*

11 (d) (1) The retirement system shall adjust the pensionable
12 compensation described in subdivision (c) based on the annual
13 changes to the Consumer Price Index for All Urban Consumers:
14 U.S. City Average, calculated by dividing the Consumer Price
15 Index for All Urban Consumers: U.S. City Average, for the month
16 of September in the calendar year preceding the adjustment by the
17 Consumer Price Index for All Urban Consumers: U.S. City
18 Average, for the month of September of the previous year rounded
19 to the nearest thousandth. The adjustment shall be effective
20 annually on January 1, beginning in 2014.

21 (2) The Legislature reserves the right to modify the requirements
22 of this subdivision with regard to all public employees subject to
23 this section, except that the Legislature may not modify these
24 provisions in a manner that would result in a decrease in benefits
25 accrued prior to the effective date of the modification.

26 (e) A public employer shall not offer a defined benefit or any
27 combination of defined benefits, including a defined benefit offered
28 by a private provider, on compensation in excess of the limitation
29 in subdivision (c).

30 (f) (1) Subject to the limitation in subdivision (c) of Section
31 7522.42, a public employer may provide a contribution to a defined
32 contribution plan for compensation in excess of the limitation in
33 subdivision (c) provided the plan and the contribution meet the
34 requirements and limits of federal law.

35 (2) A public employee who receives an employer contribution
36 to a defined contribution plan shall not have a vested right to
37 continue receiving the employer contribution.

38 (g) Any employer contributions to any employee defined
39 contribution plan above the pensionable compensation limits in
40 subdivision (c) shall not exceed the employer's contribution rate,

1 as a percentage of pay, required to fund the defined benefit plan
2 for income subject to the limitation in subdivision (c) of Section
3 7522.42.

4 (h) The retirement system shall limit the pensionable
5 compensation used to calculate the contributions required of an
6 employer or a new member to the amount of compensation that
7 would be used for calculating a defined benefit as set forth in
8 subdivision (c) or (d).

9 ~~SECTION 1. Section 2068 of the Labor Code is repealed.~~

10 ~~SEC. 2. Section 2068 is added to the Labor Code, to read:~~

11 ~~2068. (a) The commissioner shall complete a study and submit~~
12 ~~a report to the Legislature annually, on or before December 31,~~
13 ~~on both of the following:~~

14 ~~(1) The status of labor law violations and enforcement in the~~
15 ~~car washing and polishing industry.~~

16 ~~(2) The total number of registered car washing and polishing~~
17 ~~businesses in the state.~~

18 ~~(b) The report shall be submitted in compliance with Section~~
19 ~~9795 of the Government Code.~~