THIRD READING

Bill No: AB 2080
Author: Johnson (R)
Amended: 8/21/26 in Senate
Vote: 21

SENATE LOCAL GOVERNMENT COMMITTEE: 7-0, 7/1/26
AYES: Durazo, Choi, Arreguín, Ashby, Cervantes, Laird, Seyarto

ASSEMBLY FLOOR: 69-0, 5/7/26 - See last page for vote

**SUBJECT:** Investment of funds: delegation to county treasurer

**SOURCE:** California Association of County Treasurers and Tax Collectors

**DIGEST:** This bill allows a county board of supervisors to delegate investment authority to the county treasurer indefinitely, or until the board revokes the authority, if the county's investment policy meets specified reporting requirements.

*Senate Floor Amendments* of 8/21/26 address chaptering conflicts with SB 1438 (Committee on Local Government).

**ANALYSIS:**

Existing law:

1) Provides that, except as otherwise provided, the county officers to be elected by the people are the treasurer, county clerk, auditor, sheriff, tax collector, district attorney, recorder, assessor, public administrator, and coroner.

2) Requires the county treasurer to receive and keep safely all money belonging to the county.

3) Authorizes the board of supervisors to, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors

either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation.

4) Specifies that with regard to county funds deposited in the county treasury, the board of supervisors is the agent of the county who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred, in which case the county treasurer shall be the agent of the county with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard and the board of supervisors shall not be the agent, serve as a fiduciary, or be subject to the prudent investor standard.

5) Provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of the county treasurer or the board of supervisors, as the case may be, shall be to safeguard the principal of the funds under the treasurer's or the board's control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control.

6) The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee, as specified.

7) Provides that the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

This bill allows, in addition to annually delegating investment authority to the county treasurer, a county board of supervisors to delegate investment authority to the county treasurer indefinitely, or until the board revokes the authority, if the county's investment policy requires monthly transaction reports and quarterly investment policy reports to the board.

**Background**

Issues regarding whether county treasurers use their delegated investment authority wisely appear from time to time. For example, on December 6, 1994, Orange County became the largest municipality in U.S. history to declare bankruptcy at the time. The county treasurer had lost $1.7 billion of taxpayers' money through investments in risky Wall Street securities. In 1994, the Orange County investment pool had about $7.6 billion in deposits from the county government and almost 200 local public agencies (cities, school districts, and special districts). Borrowing $2 for every $1 on deposit, the County Treasurer increased the size of the investment pool to $20.6 billion. While in bankruptcy, every county program budget was cut, about 3,000 public employees were discharged, and all services were reduced. Orange County did not make its final payment on the $1 billion bond that helped it get out of bankruptcy until 2017. Following Orange County's bankruptcy filing, the Legislature enacted a number of bills to increase protections and address these problems, including SB 109 (Kopp, Chapter 749, Statutes of 1996), which required the investment delegation to be made on an annual basis.

More recently, at the end of 2024, the Orange County Board of Supervisors elected not to extend their county treasurer's investment authority due to concerns over the county's oversight regarding investment practices, which had not happened in the county since 2010. In February 2025, the board of supervisors passed an ordinance to allow the county Chief Financial Officer, who is under the county's Chief Executive Officer, to exercise investment authority, not the county treasurer, which is an independent elective office.

**Comments**

*Purpose of the bill.* According to the author, "As a former local elected official, I'm happy to be authoring AB 2080, which will help to ensure that investment authority delegation is not interrupted by requirements that such authority is renewed on an annual basis. By changing this practice to instead requiring a proactive revocation of delegated authority, this bill will streamline county finances without sacrificing necessary oversight and reporting mechanisms."

*Not so fast.* Requiring the board of supervisors to annually authorize the county treasurer to invest county funds on their behalf ensures that the treasurer's investment practices align with county policies. While AB 2080 preserves the ability of a board of supervisors to revoke a treasurer's investment authority, or to not delegate investment authority at all, it removes the annual requirement for the board to delegate the authority. This means the board of supervisors would have to proactively identify investment concerns, rather than conduct an annual review before they renew the treasurer's authority. That said, conditioning investment authority on an annual board decision does come at a cost. If the county board does not make the delegation in a timely fashion, investment decisions could be missed or delayed, putting taxpayer dollars at risk. AB 2080 preserves existing reporting requirements, which puts more pressure on the board of supervisors to actively monitor county treasurer investment decisions on an ongoing basis.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: No Local: No

**SUPPORT:** (Verified 8/21/26)

California Association of County Treasurers and Tax Collectors (Source)

**OPPOSITION:** (Verified 8/21/26)

None received

ASSEMBLY FLOOR: 69-0, 5/7/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Ward, Wilson, Zbur, Rivas
NO VOTE RECORDED: Arambula, Bonta, Chen, Flora, Hart, Hoover, Lee, Petrie-Norris, Celeste Rodriguez, Wallis, Wicks

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