
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1319 (Durazo) - California Public Records Act: public investment funds

Version: April 15, 2026

Policy Vote: JUD. 12 - 0, L., P.E. & R. 4 -
0

Urgency: No

Mandate: Yes

Hearing Date: May 4, 2026

Consultant: Bob Franzoia

Bill Summary: SB 1319 would modify what state and local public investment records must be made available for public inspection to include, among other things, records containing information regarding the portfolio positions in which alternative investment funds invest. By placing additional duties and responsibilities upon local agencies in connection with requests for inspection of records, this bill would impose a state mandated local program.

Fiscal Impact: Major direct costs up to \$3 million initially, potentially lower annual costs to state public investment entities (General Fund).

Unknown, potentially hundreds of millions or billions of dollars of lost or foregone investment revenue to the extent General Partners decline investing with public retirement systems.

Likely major local mandate costs to cities, counties and special districts to prepare records and to respond to public records requests in total. Costs associated with these requirements may not be reimbursable (General Fund).

Proposed Law: This bill requires public investment funds to disclose the following:

- a) The name of each general partner or manager of the alternative investment vehicle and of each person with a direct or indirect interest in the general partner or manager;
- b) The total amount of cash contributions made by all investors to the alternative investment vehicle;
- c) A comparison of the results from the alternative investment vehicle against the performance the public investment fund would have experienced from investing the same amount in a public market index of corresponding assets traded in the public securities markets, after controlling for risk, liquidity, and expense. The index shall be chosen at the time the public investment fund commits to the alternative investment vehicle.
- d) The basis for continued operation, the current value of assets of the alternative investment vehicle, and the amount of any management fees, carried interest, or other expenses continuing to be charged to the fund on an annual fiscal year-end

basis for each alternative investment vehicle that remains active beyond the end of its originally stated term.

- e) Any continuation fund, asset rollover or transfer, or similar transaction involving assets previously held by the alternative investment vehicle, including the financial terms of any such continuation fund or transaction, management fees, and the valuations of the assets involved in the transaction.
- f) The identity of the enterprise or activity in which the investment is made, the geographic locations where the enterprise or activity takes place, and the number and classifications of employees at each such location, using the United States Bureau of Labor Statistics' 2018 Standard Occupational Classification system with respect to an alternative investment vehicle which has an objective of creating, acquiring, or developing an enterprise or activity in which natural persons are engaged to perform work.
- g) The number and aggregate dollar value of loans valued by the alternative investment vehicle at less than 75 percent of face value if originated by the alternative investment vehicle, or less than 75 percent of cost to the alternative investment vehicle if purchased, and a list of third-party rating agencies hired by the alternative investment vehicle to assign ratings to the loans with respect to alternative investment vehicles with debt investment.

Related Legislation: AB 2833 (Cooley) Chapter 14 /2016 required public investment vehicles in which they invest to annually make various disclosures and required the public investment systems to disclose that information along with other information at least annually in a report presented at a public meeting.

The fiscal impact analysis of that bill indicated significant ongoing administrative costs to public retirement systems, including CalSTRS, CalPERS, and the University of California Retirement System (UCRS), to update procedures and to collect data not already being collected. Across these public retirement systems, administrative costs were initially estimated to be in the range of \$800,000 annually.

As it relates to AB 2833, in 2015 CalPERS endorsed the use of fee reporting templates developed by the Institutional Limited Partners Association for private equity general partners and announced that we would request that private equity fund managers comply with the reporting practices illustrated by the templates beginning with the Q3 2015 reporting period. As a result, AB 2833 would not have any significant fiscal or budgetary impact on CalPERS, as it already requires newly contracted fund managers to provide such data on alternative investment fees and expenses. Also, AB 2833 only applied to prospective contracts.

Since AB 2833 was consistent with the reporting requirements the public retirement systems were already beginning to self report existing, not new, information, the fiscal impact was reduced.

SB 1039 on the other hand requires the disclosure of new information in Government Code (c) (1) (2) (3) (10) (11) (12) (13) and (14) that currently is not reported out and some of it is information that currently is not collected.

CalPERS, for example, has over 650 AIV's with over 5,000 portfolio companies. Subdivision (13) which would require CalPERS to report out workforce information on portfolio companies would be costly by itself.

Staff Comments: The discount rate is the assumed long term investment return CalPERS uses to estimate how much money needs to be set aside today to pay for future retirement benefits. It is used by CalPERS to determine the value of pension obligations and how much employers and employees need to contribute. In simple terms, it's similar to predicting how much your savings will grow over time to cover promised benefits.

If the public retirement systems are excluded from high performing private funds and co-investments, it would likely negatively impact the overall returns of the investment funds, resulting in increased contributions. For example, lowering the discount rate by 50 basis points may reduce the total funded status of the PERS retirement system by 5 percent and increase total contributions for all plans by \$6.1 to \$6.8 billion annually.

The requirements of this bill would apply to the state's 59 counties, 482 cities and nearly 6,000 special districts. It is unknown how many local agencies would be subject to the reporting requirements in a given year, but each local agency may need to initiate additional administrative efforts to compile information and make it available upon request. Some local agency costs incurred as a result of this bill may be state reimbursable should a local agency file a successful claim for reimbursement with the Commission on State Mandates. Staff Notes that among other things, Proposition 42 (2014) eliminated the State's responsibility to pay local governments for their costs related to the California Public Records Act (PRA). Local agencies may claim that this bill goes far beyond the PRA, which requires the disclosure of existing records, to compelling local agencies to seek and create records, as well as coordinate complicated analysis.