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An act to amend Sections 22551, 22555, 22556, 22560, 22600, and 22602
of the Government Code, relating to social security administration.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 22551 of the Government Code is amended to read:

22551. (a) The board may charge or assess each a public agency, and each the public agency shall pay and reimburse the state at such the times and in such the amounts as the board may charge or assess, which amounts may differ from public agency to public agency, determine, the public agency's proportionate share of any and all costs incurred by the state in the administration of the federal system as it affects the public agency and its employees. Such The charges and assessments may differ from public agency to public agency. The charges or assessments shall be determined by the board in a manner approved by the Department of Finance and may be charged or assessed either in arrears or on the basis of anticipated costs not to exceed one year in advance. There shall be added to the amount of each such assessment, delinquent 90 days after a notice thereof was mailed by the board, a penalty of 10 percent of the amount thereof. Such penalties when collected shall be paid into the Treasury and credited as revenue to the General Fund.

(b) A penalty of 50 percent of the amount charged or assessed shall be added to each charge or assessment that is delinquent 90 days after a notice of the charge or assessment was mailed by the board. The total amount of the charge, assessment, and penalty that remains unpaid after 120 days shall accrue interest at the rate of 7 percent per annum. The charges, assessments, penalties, and interest collected shall be paid into the Treasury and credited as revenue to the Old Age and Survivors' Insurance Revolving Fund for use by the board upon appropriation by the Legislature pursuant to subdivision (b) of Section 22600.

(c) For charges and assessments levied on state departments and agencies pursuant to this section, the Controller shall transfer funds from those departments and agencies into the Old Age and Survivors' Insurance Revolving Fund based on a schedule provided by the board and approved by the Department of Finance.

SEC. 2. Section 22555 of the Government Code is amended to read:

22555. Every public agency included in the agreement shall upon written request of the board pay to the board ~~any and all sums of money~~ moneys that the State ~~state~~ may be obligated to pay or forfeit to the Federal Government; ~~federal government~~ by reason of any failure on the part of any ~~such~~ public agency for any cause or reason to pay ~~any~~ contributions, interest, penalties, or ~~any~~ other amounts required by the agreement and federal regulations adopted ~~pursuant thereto~~ at the time and in ~~such~~ amounts as required by ~~said the~~ agreement or ~~said~~ federal regulations. The board, in lieu of collection from the public agency, may offset any ~~such~~ sum ~~which that~~ does not exceed one dollar (\$1) ~~in amount against excesses from excess moneys~~ in the Old Age and ~~Survivors~~ Survivors' Insurance Revolving Fund ~~which that~~ are subject to transfer between the fund and the appropriation available for support of the board as provided in Section 22603.

SEC. 3. Section 22556 of the Government Code is amended to read:

22556. ~~Any~~ A public agency on whose behalf the board has made ~~any~~ advances of money ~~as provided in pursuant to~~ Section 22601 shall reimburse the State ~~in state~~ the amount of ~~any such the~~ advances, together with interest at the rate of ~~6~~ 7 percent per annum from the time of ~~such~~ advance; ~~provided, that there shall be no interest charge in any instance in which the advance, unless the amount of interest, if charged,~~



would be less than one dollar (\$1). ~~Such~~ The interest when collected shall be paid into the Treasury and credited as revenue to the General Fund.

SEC. 4. Section 22560 of the Government Code is amended to read:

22560. (a) The board may charge or assess each public agency as defined in Section 22009.03 and each public agency shall pay and reimburse the state at the times and in the amounts as the board may determine, the approximate cost to the state, of any and all work, services, equipment, and other administrative costs relating to a division under Article 2.5 (commencing with Section 22150) of Chapter 1 of this part or the referendum provided by Article 2 (commencing with Section 22300) of Chapter 2 of this part and requested by the agency. The charges may differ from public agency to public agency.

(b) A penalty of 50 percent of the amount charged or assessed shall be added to each charge or assessment that is delinquent 90 days after a notice of the charge or assessment was mailed by the board. The total amount of the charge, assessment, and penalty that remains unpaid after 120 days shall accrue interest at the rate of 7 percent per annum. The charges, assessments, penalties, and interest collected shall be paid into the Treasury and credited as revenue to the Old Age and Survivors' Insurance Revolving Fund for use by the board upon appropriation by the Legislature pursuant to subdivision (b) of Section 22600.

SEC. 5. Section 22600 of the Government Code is amended to read:

22600. (a) The Old Age and Survivors' Insurance Revolving Fund is continued in existence. Notwithstanding Section 13340, all money in the revolving fund is appropriated without regard to fiscal years to the board to carry out the provisions of this part, paragraphs (2) to (5), inclusive, of Section 22601.

(b) The moneys in the fund and the charges, assessments, penalties, and interest collected and deposited in the fund, pursuant to Sections 22551, 22552, and 22560, shall only be expended by the board upon appropriation by the Legislature and for administrative purposes as authorized in paragraph (1) of Section 22601.

(c) In any fiscal year, if the cumulative revenue maintained or held in the Old Age and Survivors' Insurance Revolving Fund pursuant to subdivision (b) exceeds 100 percent of program expenditures, as appropriated by the Legislature, the board shall submit revised charges or assessments for approval by the Department of Finance to ensure the charges or assessments do not result in excess fund reserve levels.

SEC. 6. Section 22602 of the Government Code is amended to read:

22602. With the exception of penalties and interest as provided by Sections 22551 and collected pursuant to Section 22556, any and all and except as provided in subdivision (b) of Section 22600, moneys received by the board from public agencies under the provisions of this part may be deposited in such revolving fund: the Old Age and Survivors' Insurance Revolving Fund.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Board of Administration of the Public Employees' Retirement System: old-age, survivors, and disability insurance.

Existing federal law generally imposes taxes on employees and employers for the purpose of funding old-age, survivors, and disability insurance, commonly referred to as social security. Existing federal law authorizes states to enter into specified agreements with the federal government to extend social security coverage to employees of the state and its political subdivisions, as provided. California entered into such an agreement on March 9, 1951.

Existing law authorizes the Board of Administration of the Public Employees' Retirement System to administer the agreement between the state and the federal government to extend social security coverage to employees of the state and specified public agencies. Existing law authorizes the board to charge or assess a public agency, as defined, its share of specified costs incurred by the board in the administration of social security on behalf of the public agency. Existing law requires these charges and assessments, among other things, to be deposited into the Old Age and Survivors' Insurance Revolving Fund, a continuously appropriated fund. Existing law requires the board to add a penalty of 10% of a charge or assessment if the public agency's payment is delinquent for 90 days, as provided, and requires the penalty to be credited as revenue to the General Fund.

This bill would increase the penalty for a delinquent charge or assessment to 50% of that charge or assessment and would impose an interest rate of 7% annually on unpaid charges, assessments, and penalties after 120 days. The bill would require the charges, assessments, penalties, and interest to be credited as revenue to the Old Age and Survivors' Insurance Revolving Fund for use by the board, upon appropriation by the Legislature, for administrative purposes. The bill would require the board to submit to the Department of Finance for approval revised charges or assessments if the cumulative revenue of the charges, assessments, penalties, and interest in the fund exceeds the approved program expenditures in any given year. The bill would also authorize the Controller to transfer funds from state agencies to the Old Age and Survivors' Insurance Revolving Fund when charges or assessments are levied on those agencies.



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Existing law authorizes the board to advance employer and employee old-age, survivors, and disability insurance contributions required to be made to the federal government by public agencies, as provided, and requires the board to charge an interest rate of 6% annually on any such advances.

This bill would increase the interest rate charged on advances to 7%.

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



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