

Date of Hearing: March 25, 2026

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Juan Carrillo, Chair

AB 2080 (Johnson) – As Amended March 16, 2026

SUBJECT: Investment of funds: delegation to county treasurer.

SUMMARY: Removes the one-year limitation on the delegation of the authority, by a county board of supervisors, for the treasurer to invest public funds and instead requires the county board of supervisors to revoke its delegation of authority. Specifically, **this bill:**

- 1) Removes the requirement that the board of supervisors adopt an ordinance when delegating the authority to invest public funds to the treasurer.
- 2) Removes the one-year limitation on the delegation of the authority, by a county board of supervisors, for the treasurer to invest public funds and instead requires the county board of supervisors to revoke its delegation of authority. Removes the requirement that revocation of the delegation be made by ordinance.
- 3) Specifies that, after a delegation of the authority to invest public funds, in the county investment policy, the board of supervisors shall set monthly or quarterly reporting requirements for the county treasurer.
- 4) Makes other technical and clarifying changes.

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. [Government Code (GC) § 24009]
- 2) Requires the county treasurer to receive and keep safely all money belonging to the county and all other money directed by law to be paid to him and apply and pay it out, rendering the account as required by law [Government Code (GC) § 27000].
- 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 (GC § 27000.1).
- 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 (GC § 27000.3).

- 5) Provides that, with regard to funds deposited in the county treasury that are deposited by local agencies other than the county, and at the discretion of those local agencies, the county treasurer serves as a fiduciary subject to the prudent investor standard (GC § 27000.3).
- 6) Specifies that, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. (GC § 27000.3).
- 7) 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 (GC § 27000.4).
- 8) 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 (GC § 27131).
- 9) 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 (GC § 53607).

FISCAL EFFECT: None.

COMMENTS:

- 1) **Bill Summary and Author's Statement.** This bill removes the one-year limitation on the delegation of the authority, by a county board of supervisors, for the treasurer to invest public funds and instead requires the county board of supervisors to revoke its delegation of authority. This bill also specifies that, after a delegation of the authority to invest public funds, in the county investment policy, the board of supervisors shall set monthly or quarterly reporting requirements for the county treasurer. The California Association of County Treasurers and Tax Collectors is the sponsor of this 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."

- 2) **County Governance.** Existing law provides for county powers and governance, including an elected county board of supervisors, an elected county sheriff, an elected district attorney, and an elected assessor. The powers of a county can only be exercised by the board of supervisors or through officers acting under the authority of the board or authority conferred by law. The board supervises the official conduct of all county officers, particularly as their activities pertain to the management and disbursement of public funds. The board of supervisors is also vested with the constitutional authority to provide for the number, compensation, tenure, and appointment of employees.
- 3) **County Treasurer.** Most treasurers are elected officials, although some are appointed by the board of supervisors. County treasurers typically receive and keep safely all money belonging to the county and all other money directed by law to be paid to them and pay it out, rendering the account as required.

If delegated to the treasurer by the board of supervisors, the treasurer may invest or reinvest the funds of the county and the funds of other depositors in the county treasury. The treasurer must then assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority or decides not to renew the annual delegation. If delegated this authority, 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. State law often dictates which types of investments can be made and requires the treasurer to meet certain educational, professional and training criteria.

- 4) **Orange County Bankruptcy.** 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 866 (Craven), Chapter 784, Statutes of 1995, and SB 109 (Kopp), Chapter 749, Statutes of 1996, which, among other requirements:

- a) Provided that a county treasurer is a trustee and fiduciary subject to the prudent investment standard.
- b) Established a local investment oversight committee.
- c) Called for treasurers to render annual investment policy statements to their governing boards required to be considered at a public meeting.
- d) Defined the permitted investment instruments that local agencies can invest in.

- e) Limited the authorization to delegate authority to a one-year period, renewable annually subject to review.

In 1998, the Public Policy Institute of California shared recommendations that may help prevent, or at least ameliorate, future crises:

- a) Local governments need to maintain high standards for fiscal oversight and accountability.
- b) State government should closely monitor the fiscal conditions of its local governments, rather than wait for serious problems to surface.
- c) Local officials should be wary about citizens' pressures to implement fiscal policies that are popular in the short run but financially disastrous over time.

- 5) **State Mandate Reforms.** In the early 2000s, the Legislature established a Special Committee on State Mandates to review all reimbursable state mandates, with an emphasis on those mandates that have been suspended or deferred. The goal of the committee was to look at outdated mandates from a fiscal and administrative perspective, not necessarily the public policy basis for each. Many mandates were recommended to be "best management practices" for state government, but not rise to the level of reimbursable state activities.

AB 2853 (Laird), Chapter 889, Statutes of 2004, made a number of state mandates that were related to duties of county treasurers investing public funds optional. These mandates included the requirement that a board of supervisors establish a treasury oversight committee, and the requirement for the treasurer to annually render to their respective legislative bodies and any oversight committee a statement of investment policy and quarterly reports.

However, GC Section 53607 still requires the treasurer, if the authority to invest funds of a local agency is delegated to the treasurer, to make a monthly report of those transactions to the legislative body. This bill would maintain a reporting requirement by requiring the board of supervisors to set monthly or quarterly reporting requirements for the county treasurer if the authority to invest public funds is delegated to the treasurer.

- 6) **Arguments in Support.** According to the California Association of County Treasurers and Tax Collectors, "County treasurers are responsible for managing the cash management, banking, and investment duties for their counties as well as for numerous other public agencies that deposit funds in the county treasury. These agencies commonly include K-12 school districts, community college districts, special districts, and other local public entities that participate in county investment pools. Current law requires that a county board of supervisors delegate investment authority to the county treasurer on an annual basis pursuant to California Government Code Section 53607. While this delegation is routine in many counties, the annual renewal requirement can create unnecessary administrative burdens and compliance risks.

"In practice, administrative delays in processing board agenda items can result in temporary lapses in the one-year delegation period, placing counties in technical non-compliance with statutory requirements even when there are no concerns regarding the treasurer's

performance. These lapses can create uncertainty for counties and for the many public agencies that rely on county investment pools to manage their funds responsibly.

“AB 2080 addresses this issue by amending California Government Code Section 27000.1 and clarifying the relationship with California Government Code Section 53607 to allow boards of supervisors to delegate investment authority to the county treasurer on an ongoing basis rather than through annual renewal. Once delegated, the treasurer would continue to exercise that authority unless the board affirmatively revokes it. The bill also preserves local oversight by allowing boards of supervisors to establish reporting requirements through the county investment policy, ensuring continued transparency and accountability.

“By eliminating the risk that investment authority could unintentionally lapse due to administrative delays, AB 2080 helps protect the stability of county investment operations and the public funds entrusted to them. At the same time, it maintains an appropriate public process should a board determine that revocation of authority is warranted.”

7) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

California Association of County Treasurers and Tax Collectors [SPONSOR]

Opposition

None on file

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958