

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1776 (Aguiar-Curry) – As Amended April 9, 2026

Policy Committee: Judiciary Vote: 9 - 3

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill, the COMPETE Act, expands California’s antitrust statute, the Cartwright Act, to prohibit anticompetitive conduct by a single firm, including monopolization, monopsonization, and single-firm restraints of trade. The bill is a codification of the California Law Revision Commission’s unanimous recommendation following a three-year study directed by ACR 95, (Cunningham and Wicks), Chapter 147, Statutes of 2022.

Specifically, this bill:

- 1) Prohibits one or more persons from acting in restraint of trade or from monopolizing, attempting to monopolize, or maintaining a monopoly or monopsony in any part of trade or commerce — extending the Cartwright Act’s reach beyond coordinated conduct by two or more firms to cover single-firm conduct for the first time.
- 2) Requires that anticompetitive effects and procompetitive justifications be evaluated within the same relevant market, prohibiting defendants from offsetting harm in one market with claimed benefits in another.
- 3) Lists ten factors that may constitute evidence of a violation but provides that none is required to establish liability, including below-cost pricing, recoupment likelihood, market share thresholds, alteration of a prior course of dealing, and the efficiency of harmed rivals.

FISCAL EFFECT:

- 1) Unknown but potentially significant costs to the Department of Justice (DOJ) (Unfair Competition Law Fund and Antitrust Fund) for investigation and enforcement of new single-firm antitrust violations within its Antitrust Section and Healthcare Rights Section. Single-firm monopolization cases are among the most complex and resource-intensive matters in antitrust law, typically requiring extensive economic analysis, expert consultation, and multi-year litigation. The DOJ reports that they currently work on federal monopolization cases with partners – other states or federal agencies. The DOJ would litigate monopolization under Cartwright in state court alone, and the costs may be large. A major unknown cost driver is the number of cases the DOJ would litigate under this new authority.
- 2) Unknown, potentially significant cost pressures to the courts (Trial Court Trust Fund) from increased antitrust litigation. The bill broadens the scope of the Cartwright Act — which provides private plaintiffs treble damages, attorney’s fees, and injunctive relief — to cover

single-firm conduct for the first time. These changes are expected to increase the volume of private antitrust actions filed in state court, particularly in the initial years as courts develop an interpretive framework for the new provisions. Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately \$117.3 million in 2025-26.

- 3) Unknown, likely minor incarceration costs (General Fund). The Cartwright Act includes criminal penalties for violations; by expanding the Act's scope to single-firm conduct, the bill technically creates new crimes. However, criminal antitrust prosecutions are rare, and this provision is unlikely to generate meaningful incarceration costs.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year beginning in the 2027-28 fiscal year.

COMMENTS:

- 1) **Purpose.** According to the author, the Cartwright Act was enacted in 1907 and does not address anticompetitive conduct by a single dominant company. The author asserts that, as markets have consolidated, this gap has allowed companies to stifle competition, limit consumer choice, and suppress wages. The author describes this bill as closing this gap by implementing the California Law Revision Commission's recommendations.
- 2) **Background.** The Cartwright Act enacted in 1907 is California's primary antitrust statute. It prohibits combinations of two or more persons acting in restraint of trade, authorizes public enforcement by the Attorney General and district attorneys, and provides a private right of action for treble damages. California courts have held that the Cartwright Act is "broader in range and deeper in reach than the Sherman Act" (*Cianci v. Superior Court* (1985) 40 Cal.3d 903, 920), and that the Cartwright Act is not modeled on the Sherman Act, such that federal antitrust case law is not conclusive in interpreting it. The federal Sherman Act contains two operative provisions. Section 1, like the Cartwright Act, prohibits contracts, combinations, and conspiracies in restraint of trade. Section 2 separately prohibits monopolization, attempted monopolization, and conspiracy to monopolize by a single firm. The Cartwright Act has no analog to the Sherman Act's Section 2; single-firm conduct that does not involve concerted action with another person is not actionable under the Act. The closest state-law analog, the Unfair Practices Act (Business and Professions Code section 17000 *et seq.*), prohibits specific enumerated practices such as below-cost pricing, locality discrimination, and loss leaders, but does not provide a general framework for evaluating single-firm conduct in relation to its effect on competition.

In 2022, the Legislature enacted ACR 95, which directed the California Law Revision Commission (CLRC) to study potential reforms to the Cartwright Act, particularly with respect to anticompetitive conduct by a single firm. After a three-year study involving eight working groups of attorneys and economists, public comment, and consultation with the California Lawyers Association, the CLRC released its final recommendation in January

2026. The CLRC considered and rejected three alternative approaches: (a) directly mirroring Section 2 of the Sherman Act, which it concluded would import federal judicial doctrines that have narrowed antitrust enforcement; (b) creating an entirely novel framework, which the CLRC concluded would generate excessive litigation uncertainty absent any interpretive case law; and (c) adopting industry-specific rules, such as tech-sector or “dominant company” statutes. The CLRC ultimately recommended a hybrid approach that draws selectively on federal statutory and case law while preserving California’s ability to depart from federal doctrines the CLRC viewed as overly restrictive. This bill codifies the CLRC’s unanimous recommendation.

The bill departs from federal judicial doctrine under Section 2 of the Sherman Act in several respects. Section 2 itself contains no market share threshold, no predatory pricing test, and no refusal-to-deal framework; these requirements have been developed by federal courts over decades of case law. The bill also instructs courts that they may consider federal antitrust case law in interpreting the Cartwright Act. The bill lists ten factors that may constitute evidence of a violation but provides that none is required to establish liability. Given that federal antitrust case law is not binding on California courts under the bill, and in the absence of a developed body of California case law interpreting these new provisions, it remains unclear what standards courts will apply.

- 3) **Support and Opposition.** This bill is supported by a broad coalition of labor organizations, consumer advocates, and small business groups, including the California Federation of Labor Unions, SEIU California, the California Nurses Association, Consumer Attorneys of California, Consumer Federation of California, Small Business Majority, and the California District Attorneys Association. Supporters argue that corporate consolidation across healthcare, technology, agriculture, entertainment, and retail has driven wage suppression, price inflation, and reduced opportunities for small businesses, and that the Cartwright Act’s current inability to reach single-firm conduct leaves Californians without meaningful recourse against monopolization in state court. Supporters contend that the bill codifies the CLRC’s unanimous recommendation, aligns California with federal law and most other states in prohibiting single-firm anticompetitive conduct, and appropriately declines to import federal judicial doctrines that have weakened antitrust enforcement since the 1970s.

The bill is opposed by the California Chamber of Commerce, which describes it as a cost driver, and a broad coalition of industry groups representing manufacturing, retail, technology, agriculture, healthcare, life sciences, financial services, real estate, and construction, among other sectors. Opponents argue that the bill rejects over 100 years of federal legal precedent; that its use of the term “restraint of trade” in the single-firm context has never been defined by any court or statute and creates definitional uncertainty; that the absence of a market share threshold subjects small and medium-sized firms to potential liability and compliance costs they do not face under federal law; and that the bill’s ten-factor list provides insufficient guidance to courts and businesses as to what conduct is lawful. Opponents further contend that the bill’s rejection of federal doctrines will chill pro-competitive practices such as loyalty programs, rebate programs, discount drug pricing, and exclusive licensing arrangements, generate increased litigation and defensive legal costs, and ultimately raise prices for consumers. Opponents also note that the CLRC’s own Single Firm Conduct Working Group and the American Bar Association’s Antitrust Section raised concerns about the absence of adequate limiting principles in the statutory text.

Analysis Prepared by: Shiran Zohar / APPR. / (916) 319-2081