
THIRD READING

Bill No: AB 1776
Author: Aguiar-Curry (D), et al.
Amended: 8/27/26 in Senate
Vote: 21

SENATE JUDICIARY COMMITTEE: 9-2, 6/30/26

AYES: Allen, Ashby, Durazo, Laird, Reyes, Stern, Wahab, Weber Pierson,
Wiener

NOES: Niello, Valladares

NO VOTE RECORDED: Umberg, Caballero

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26

AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab

NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 44-17, 5/27/26 - See last page for vote

SUBJECT: Cartwright Act: violations

SOURCE: American Economic Liberties Project
California Federation of Labor Unions
California Nurses Association
Consumer Federation of California
Economic Security Action
Institute for Local Self-Reliance
SEIU California
Small Business Majority
Teamsters California
TechEquity Action
UFCW Western States Council
United Domestic Workers/AFSCME Local 3930
United Food and Commercial Workers, Western States Council
Writers Guild of American West

DIGEST: This bill adds, to the Cartwright Act, a prohibition on engaging in monopolistic or monopsonistic conduct, as specified; a violation of this measure's provisions can be enforced only through an action brought by the Attorney General or a district attorney.

Senate Floor amendments of 8/27/26 add co-authors; remove certain Legislative findings and declarations; and provide guidance regarding the cause of action created by this bill and the nature of trial proceedings in such an action.

ANALYSIS:

Existing federal law:

- 1) Establishes the Sherman Antitrust Act of 1890 (Sherman Act). (15 United States Code (U.S.C.) §§ 1-7.)
- 2) Prohibits, under the Sherman Act:
 - a) Every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade or commerce among the states or with foreign nations. (15 U.S.C. § 1.)
 - b) The monopolization, or attempt to monopolize, or combination or conspiracy with any other persons to monopolize, any part of the trade or commerce among the states, or with foreign nations. (15 U.S.C. § 2.)
- 3) Authorizes a state attorney general to bring a civil action in the name of the state in any district court of the United States having jurisdiction over the defendant to secure monetary relief, as provided, for violations of the Sherman Act or the Clayton Act. (15 U.S.C. § 15c.)

Existing state law:

- 1) Establishes the Cartwright Act. (Business & Professions (Bus. & Prof.) Code, div. 7, pt. 2, ch. 2, §§ 16700 et seq.)
- 2) Defines “person” within the Cartwright Act to include corporations, firms, partnerships, and associations. (Bus. & Prof. Code, § 16702.)
- 3) Defines a “trust” under the Cartwright Act as a combination of capital, skill, or acts by two or more persons for specified purposes, including restricting trade or commerce or preventing competition. (Bus. & Prof. Code, § 16720.)

- 4) Makes every trust unlawful, against public policy, and void, except as exempted under the Cartwright Act. (Bus. & Prof. Code, § 16726.)
- 5) Provides that any contract or agreement in violation of the Cartwright Act is absolutely void and not enforceable. (Bus & Prof. Code, § 16722.)
- 6) Authorizes the Attorney General, or the district attorney of any county, subject to specified notice requirements, to initiate a civil action or criminal proceeding for a violation of the Cartwright Act. (Bus. & Prof. Code, § 16754.)
- 7) Authorizes any person who is injured in their business or property by reason of anything forbidden under the Cartwright Act, regardless of whether the injured person dealt directly or indirectly with the defendant, to file a civil action to recover treble damages, interest, and injunctive relief.
 - a) The state and its political subdivisions and public agencies are “persons” for the purpose of 7).
 - b) The Attorney General or a district attorney may file a suit for damages on behalf of a state or county political subdivision, respectively. (Bus. & Prof. Code, § 16750.)
- 8) Authorizes the Attorney General to file a civil action in the name of the people of the State of California, as *parens patriae* on behalf of natural persons residing in the state, for a violation of the Cartwright Act, to secure monetary relief in the form of treble damages sustained by those natural persons, interest, costs, and reasonable attorney fees. (Bus. & Prof. Code, § 16760.)
- 9) Provides that, in any civil action for a violation of the Cartwright Act brought by the Attorney General or a district attorney, a civil penalty of not more than \$1 million shall be assessed, as determined by a court or jury based on specified enumerated factors. (Bus. & Prof. Code, § 16755.1.)

This bill:

- 1) Adds the provisions set forth below to the Cartwright Act.
- 2) Makes findings and declarations relating to the history of the Cartwright Act and the Legislature’s intent for the interpretation of the Cartwright Act.
- 3) Provides that it is unlawful for every person to monopolize or monopsonize, attempt to monopolize or monopsonize, maintain a monopoly or monopsony, or

combine or conspire with another person to monopolize or monopsonize any part of trade or commerce.

- 4) Requires a court adjudicating a claim brought under 3) to use the analytical framework and guidance of the California Supreme Court in the manner described in *In re Cipro Cases I & II* (2015) 61 Cal.4th 116, 146-147.
- 5) Requires a plaintiff bringing an action pursuant to 3) to allege and, to prevail at trial, prove, substantial market power, either through direct or indirect evidence.
- 6) Provides that 3) does not apply to any small business, meaning an independently owned and operated business, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees and average annual gross receipts of \$10 million or less over the three years before the filing of the complaint.
- 7) Provides that 3) does not prevent, limit, or prohibit either of the following:
 - a) An exclusive franchise, contract, license, or permit authorized by state law that is granted and supervised by a local governmental agency, as defined, or impose any liability on any person or entity acting within the scope of authority granted by one or more such exclusive franchises, contracts, licenses, or permits.
 - b) Conduct required or authorized pursuant to state or federal law that is granted and supervised by a local, state, or federal governmental agency.
- 8) Provides that 3) does not impose any liability on a person or entity for conduct within the scope of authority granted by one or more exclusive franchises, contracts, licenses, or permits listed in 7).
- 9) Requires courts to liberally interpret California's antitrust laws to best promote free and fair competition and be mindful that California favors "maximizing" effective deterrence of antitrust violations.
- 10) Provides that an action for a violation of this measure may be initiated only by the Attorney General or a district attorney, subject to all of the following:
 - a) Except in an action brought by the Attorney General or a district attorney, an alleged violation of this measure shall not serve as a predicate violation under the Unfair Competition Law.

- b) The limitation on the scope of the cause of action does not apply to, create, or extinguish a defense to, or limit the scope of, an action that is not brought under the new section created by this bill.
- c) Specified sections of the Cartwright Act, which address the pleading and proving of alleged trusts or combinations, do not apply to claims for monopolization or monopsonization unless the claims allege that a person combined or conspired with another person to monopolize or monopsonize any part of trade or commerce.
- d) An action brought pursuant to, or under, this measure is deemed a complex case, as defined.

Comments

California's primary antitrust law, the Cartwright Act, prohibits "trusts," or combinations of two or more persons, to restrain trade or commerce. Unlike the federal Sherman Antitrust Act, the Cartwright Act does not also prohibit conduct by a single company in restraint of trade, which generally occurs when one corporation has monopolistic or monopolistic market power and can impose anticompetitive measures on the market and on consumers.

In response to increasing corporate concentration across a host of industries, the Legislature enacted ACR 95 (Wicks & Cunningham (Resolution Chapter 147, Statutes of 2022)), which tasked the California Law Revision Commission (CLRC) with studying potential reforms to the Cartwright Act, the state's antitrust law. This year, after three years of extensive work, the CLRC released its recommendations for amending the law to address anticompetitive behavior by a single firm.

This bill adopts the CLRC's recommendation to add a single-firm conduct prohibition to the Cartwright Act, with language that mirrors the prohibition on monopolization in the federal Sherman Act. This bill also adds statutory guidance to courts on how to interpret Cartwright Act claims, including the single-firm conduct provision, and on when and how to rely on potentially analogous Sherman Act case law. An action to enforce this bill's provisions may be brought only by the Attorney General or a district attorney; when the action is a civil action, the case must be automatically designated as a complex case under existing law. Recent floor amendments remove certain findings and declarations; remove language relating to the court's analysis of procompetitive and anticompetitive justifications, which was duplicative of existing case law (*see, e.g., Flagship Theatres of Palm Desert, LLC v. Century Theatres, Inc.* (2020) 55 Cal.App.5th 381, 400); and provide guidance for how the bill's new section within the

Cartwright Act should interact with existing Cartwright Act provisions and other state laws.

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

According to the Senate Appropriations Committee, the fiscal effect is:

Potentially significant costs to the Department of Justice if the Attorney General (AG) brings civil actions for violations of the Cartwright Act. Monopolization is only available under the federal Sherman Act. If the AG pursues monopolization under the Cartwright Act in state court, costs could be higher. (Unfair Competition Law Fund, Attorney General Antitrust Account).

Cost pressures of an unknown but potentially significant amount to the courts. Actual costs will depend on the number of new actions created by this bill and the amount of court time needed to resolve each case. Complex cases, an action is provisionally a complex case if it involves antitrust or trade regulations claims, are more time consuming. An eight-hour court day costs approximately \$10,500 based on the hourly rate of court personnel including at minimum the judge, clerk, bailiff, court reporter, jury administrator, administrative staff, and jury per-diems. While the courts are not funded on a workload basis, an increase in workload could result in delayed court services and would put pressure on the General Fund to fund additional staff and resources. The FY 2026–27 Budget appropriated \$70 million General Fund for this purpose (Trial Court Trust Fund, General Fund).

SUPPORT: (Verified 8/26/26)

American Economic Liberties Project (co-source)
California Federation of Labor Unions (co-source)
California Nurses Association (co-source)
Consumer Federation of California (co-source)
Economic Security Action (co-source)
Institute for Local Self-Reliance (co-source)
SEIU California (co-source)
Small Business Majority (co-source)
Teamsters California (co-source)
TechEquity Action (co-source)
UFCW Western States Council (co-source)
United Domestic Workers/AFSCME Local 3930 (co-source)
United Food and Commercial Workers, Western States Council (co-source)
Writers Guild of American West (co-source)

AAPIs for Civic Empowerment
AFCSME
AFM Local 7
Alliance of Californians for Community Empowerment Action
Amalgamated Transit Union
California Alliance for Retired Americans
California District Attorneys Association
California Food and Farming Network
California Low-Income Consumer Coalition
California Professional Firefighters
California Public Banking Alliance
California School Employees Association AFL-CIO
California Work & Family Coalition
CAMEO Network
Communication Workers of America District 9
Consumer Attorneys of California
Consumers for Auto Reliability and Safety
Courage California
Electronic Frontier Foundation
End Poverty in California
Engineers & Scientists of California, IFPTE Local 20
Equal Rights Advocates
Fan Alliance
Future of Music Coalition
Health Access CA
Hmong Innovating Politics
Indivisible CA: StateStrong
Institute for Local Self-Reliance
International Alliance of Theatrical Stage Employees, Local 80
International Association of Mechanists and Aerospace Workers
Kapor Center Advocacy
Latino Prosperity
OC Action
Office of Kat Taylor
Omidyar Network
Open Markets Institute
Privacy Defense Alliance
Propel San Francisco
Protect Borrowers
Proton

Responsible Online Commerce Coalition
Rise Economy
Small Business Forward
SMART – Transit Division
The Greenlining Institute
UDW/AFSCME Local 3930
Union of Concerned Scientists
Warehouse Worker Resource Center
Wellbeing Economy Alliance California
Western Center on Law & Poverty

OPPOSITION: (Verified 8/26/26)

ACT/Association for Competitive Technology
Advance SF
Advanced Medical Technologies Association
African American Farmers of California
Airlines for America
American Investment Council
American Property Casualty Insurance Association
Animal Health Institute
Associated General Contractors – California
Associated General Contractors – San Diego
Association for Competitive Technology
Association of Western Employees
Athens Services
Axis Advocacy
Bay Area Council
Beverly Hills Chamber of Commerce
Biocom
Biomarker Collaborative
Biotechnology Innovation Organization
Bleeding Disorders Council of California
Brea Chamber of Commerce
Building Owners and Managers Association of California
BuildIT
CA Rare Disease Access Coalition
CalAsian Pacific Chamber of Commerce
California Apartment Association
California Assisted Living Association
California Association of Realtors

California Attractions and Parks Association
California Bankers Association
California Beer and Beverage Distributors
California Broadband & Video Association
California Broadcasters Association
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
California Chronic Care Coalition
California Clinical Laboratory Association
California Construction and Industrial Materials Association
California Farm Bureau
California Food Producers
California Forestry Association
California Fresh Fruit Association
California Fuels and Convenience Alliance
California Grocers Association
California Hispanic Chamber of Commerce
California Hospital Association
California Hotel + Lodging Association
California Kidney Care Alliance
California Land and Title Association
California Life Sciences
California Manufacturers and Technology Association
California Restaurant Association
California Retailers Association
California Strawberry Commission
California Taxpayers Association
California Trucking Association
California Walnut Commission
California's Credit Union
CALinnovates
Carlsbad Chamber of Commerce
Central Valley Business Federation
Chamber San Mateo County
Chino Valley Chamber of Commerce
Chronic Disease Coalition
Citrus Heights Chamber of Commerce
Civil Justice Association of California
Colusa County Chamber of Commerce

Computer & Communications Industry Association
Connected Commerce Council
Consumer Brands Association
Consumer Technology Association
Corona Chamber of Commerce
CTIA
Cystic Fibrosis Research Institute
Dairy Institute Council
DaVita
Developers Alliance
Distilled Media
Elevate California
Exon 20 Group
Family Business Association
Fontana Chamber of Commerce
Fremont Chamber of Commerce
Greater Bakersfield Chamber of Commerce
Greater Coachella Valley Chamber of Commerce
Greater Conejo Valley Chamber of Commerce
Greater High Desert Chamber of Commerce
Greater Ontario Business Council
Greater Riverside Chambers of Commerce
Hispanic Chambers of Commerce San Francisco
Hollywood Chamber of Commerce
Housing Contractors of California
ICAN
International Franchise Association
La Cañada Flintridge Chamber of Commerce
Laguna Niguel Chamber of Commerce
Lodi Chamber of Commerce
Long Beach Area Chamber of Commerce
Los Altos Chamber of Commerce
Los Angeles Area Chamber of Commerce
Los Angeles County Business Federation
MET Crusaders
Mission Viejo Chamber of Commerce
Motion Picture Association
Mountain View Chamber of Commerce
MRG1 Energizers
Murrieta Wildomar Chamber of Commerce

National Association of Mutual Insurance Companies
NetChoice
Neuropathy Action Foundation
Nisei Farmers League
North San Diego Business Chamber
Oceanside Chamber of Commerce
Orange County Business Council
PDL1 Amplifieds
Personal Insurance Federation of California
Rancho Cucamonga Chamber of Commerce
Recording Industry Association of America
Sacramento Metropolitan Chamber of Commerce
San Diego Regional Chamber of Commerce
San Francisco Chamber of Commerce
San José Chamber of Commerce
San Juan Capistrano Chamber of Commerce
San Mateo County Economic Development Association
Santa Ana Chamber of Commerce
Santa Barbara South Coast Chamber of Commerce
Santa Clarita Valley Chamber of Commerce
Santa Maria Valley Chamber of Commerce
Santa Monica Chamber of Commerce
Self Storage Association
sf.citi
Silicon Valley Leadership Group
Software & Information Industry Association
Southwest California Legislative Council
Storybooth
StreamStakes
Technology Industry Association of California
TechNet
Temecula Valley Chamber of Commerce
Torrance Chamber of Commerce
Tri County Chamber Alliance
Tulare Chamber of Commerce
Upland Chamber of Commerce
Valley Industry and Commerce Association
West Ventura County Business Alliance
Western Growers Association
Western Plant Health Association

Western Wood Preservers Institute
Yorba Linda Chamber of Commerce
Two individuals

ARGUMENTS IN SUPPORT: According to a coalition of labor organizations, consumer protection groups, and small business advocates:

Without a state law against illegal monopolization, Californians may only use antitrust law to challenge illegal monopolies in federal court pursuant to weakened federal antitrust law. The erosion of federal antitrust laws was not accidental. Beginning in the late 1960s, an intellectual movement known as the “Chicago School” de-emphasized market competition in favor of short-sighted economic gains. Over the next several decades, big business co-opted and promoted Chicago School thinking as a tool to advance its interests. Big businesses triumphed, and antitrust enforcement plummeted.

By every measure, the COMPETE Act reflects a consensus-based, nonpartisan approach to reinvigorating competition. The CLRC’s study was initiated in 2022 by bipartisan resolution ACR 95 (Wicks, Cunningham). The CLRC’s Single Firm Conduct Working Group Report, upon which the COMPETE Act is based, was written by legal experts and economics professors, government officials, and attorneys who have defended Fortune 500 companies in antitrust litigation.⁶ The study, which included 17 public hearings, elicited over 110 letters from trade groups, businesses, advocacy organizations, and members of the public.⁷ When presented with an option to codify an “abuse of dominance” standard, the CLRC instead proposed codifying California jurisprudence that is well understood by businesses and antitrust experts.⁸ What emerges is a modest, pro-business proposal to promote competition, affordability, and fair labor standards.

ARGUMENTS IN OPPOSITION: According to a coalition of this bill’s opponents, including the California Chamber of Commerce:

AB 1776 prohibits monopolization, attempts to monopolize and conspiracies to monopolize, just like Section 2 of the federal Sherman Act. Not surprisingly, under federal law, these kinds of monopolization claims require the possession of “monopoly power” or at least a dangerous probability of obtaining such monopoly power. AB 1776, however, creates a new standard that merely requires that a single-firm possess “substantial market power.” Not only is this a standard that federal and California courts have not applied to single-firm conduct, it is a standard that does not fit with the type of monopolization

offenses created by this bill and one that presumably creates a threshold lower than that under federal law.

While this may seem like a small tweak to a term of art, it is a massive departure from existing law that will result in two serious problems. First, it will expose businesses that would be entirely beyond the reach of Section 2 of the Sherman Act to monopolization claims even though they do not possess the type of monopoly power that allow monopolists to dominate markets. Second, it will generate satellite litigation over the meaning of “substantial,” as courts, juries, and competing experts spend years in expensive litigation arguing about where “market power” ends and “substantial market power” begins—a line that does not exist in federal law because federal law never adopted this standard.

Uncertainty like this chills competition and innovation, it discourages investment and it leads to increased litigation and increased costs for California businesses and consumers. If AB 1776 is intended to outlaw monopolization, it should do just that, not some ill-defined category of conduct that falls short of monopolization.

ASSEMBLY FLOOR: 44-17, 5/27/26

AYES: Addis, Aguiar-Curry, Arambula, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Mark González, Haney, Harabedian, Hart, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Pellerin, Quirk-Silva, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Ward, Wicks, Zbur, Rivas

NOES: Ávila Farías, Davies, DeMaio, Dixon, Ellis, Flora, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis

NO VOTE RECORDED: Ahrens, Alanis, Alvarez, Castillo, Chen, Gallagher, Gipson, Irwin, Nguyen, Patel, Petrie-Norris, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Soria, Valencia, Wilson

Prepared by: Allison Whitt Meredith / JUD. / (916) 651-4113

8/28/26 11:28:46

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