

- 2) Specifies that the TAP should provide grants to expand the capacity of small business development technical assistance centers that can demonstrate experience, success, and capacity to expand existing small business administration programs, rather than centers that are administered by and primarily funded by federal agencies as existing law specifies.
- 3) Makes various conforming changes like replacing reference to “federal” with “nonstate” for purposes of a funding partner for eligible small business development technical assistance centers to receive grant funds and updating the existing plan of action to draw down funds by specifying that the applicant instead provide a plan to utilize funding to operate a small business technical assistance program solely with the contracted nonstate funding partner. Limits applicants to those with a fiscal agent able to receive state funds and has demonstrable experience reporting on small business assistance or other programs, rather than just those able to receive nonfederal funds.
- 4) Appropriates \$26 million from the General Fund to a new Small Business Resilience and Innovation Fund which the bill creates in the State Treasury, to be administered by OSBA. Specifies that \$7 million is allocated to the TAP, \$17 million is allocated to the CIP. Specifies that monies in the fund must be used solely for the purpose of providing assistance to small businesses
- 5) Requires GO-Biz to submit a report to the Legislature on or before January 1, 2030 that details the fund allocation and expenditures, including the numbers of businesses assisted, the types of assistance provided, an assessment of the impact on business resilience and innovation, and a detailed accounting of the allocation and impact of the funds appropriated to the TAP and CIP.
- 6) States that this bill is urgent, necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution because small businesses are the primary source of employment and economic stability in communities throughout California, and ongoing economic volatility, rising costs, and constrained credit markets have placed an increasing number of small businesses at risk of closure or relocation. These conditions pose an immediate threat to local employment, household income, and community stability. To allow the state to deploy assistance without delay, stabilize small businesses, preserve jobs, and protect the economic health and safety of communities across California, it is necessary that this bill take effect immediately.

FISCAL EFFECT: This bill is keyed fiscal by Legislative Counsel. According to the Assembly Committee on Appropriations, the bill will result in one-time General Fund costs of \$26 million. The analysis notes that TAP receives \$23 million General Fund annually through the state budget to support federally or privately awarded programs providing technical assistance to small businesses and entrepreneurs, including assistance with procurement opportunities, while the state maintains an annual funding level of \$3 million for the CIP, and \$2 million is allocated for OSBA staff augmentation, administrative support, program oversight, and accountability activities.

COMMENTS:

1. **Purpose.** According to the Author, “As Chair of the Assembly Committee on Economic Development, Growth, and Household Impact, and as someone who has spent much of my life working hand-in-hand with small businesses, I am deeply concerned about the urgent need to mitigate economic hardships and strengthen our small business resiliency infrastructure. Small businesses are the state’s largest employers. As witnessed with Los Angeles wildfires, disruptions to small businesses spark devastating economic consequences for our entire state. The Capital Infusion Program and Small Business Technical Assistance Program provide essential wraparound technical assistance that offer proven strategies in supporting regional economic recovery, resilience, and innovation. With the increased frequency of natural disasters and economic pressures outside of our control, California must prioritize greater resources for small business resilience and innovation.”

The Author states that small businesses are currently navigating compounding economic pressures, including reduced federal support, higher operating costs, constrained access to capital, and limited internal capacity. The Author says that “Many small businesses lack the staff or expertise needed to adapt to rapid economic change without external technical assistance.”

2. **Background.**

GO-Biz. In February 2010, the Little Hoover Commission undertook a review of the state's economic and workforce development programs. In its final report, *Making up for Lost Ground: Creating a Governor's Office of Economic Development*, it analyzed the status and effectiveness of current programs since the 2003 demise of the Technology, Trade and Commerce Agency (TTCA) and recommended the creation of a new governmental entity to fill the void left by the dismantled agency.

The report called for a single entity that would promote greater economic development, foster job creation, serve as a policy advisor and deliver specific services (i.e., permitting, tax, regulatory, and other information) directly to the California business community. In April 2010, Governor Schwarzenegger issued Executive Order S-05-10 as a means to operationalize the report recommendations including the creation of the Governor's Office of Economic Development (GOED).

In October 2011, the Governor signed AB 29 (John A. Pérez, Chapter 475, Statutes of 2011), which effectively codified GOED and changed its name to GO-Biz. Since its inception, the office has served thousands of businesses, 95 percent of which are small businesses. The most frequent types of assistance include help with permit streamlining, starting a business, relocation and expansion of businesses, and regulatory challenges.

In March 2012, Governor Brown initiated a reorganization process to realign the state's administrative structure. Key changes include dismantling of the Business, Transportation and Housing Agency and the shifting of a number of key programs to GO-Biz including the Small Business Loan Guarantee Program, the California Travel and Tourism Commission, the California Film Commission, the Film

California First Program, and the Infrastructure and Economic Development Bank (IBank). Currently, GO-Biz administers the following programs and units:

- Made In California program for the purpose of encouraging consumer product awareness and to foster the purchases of products manufactured in California.
- The California Inclusive Innovation Hub Program (iHub2) to incubate and/or accelerate technology and science-based firms, with a focus on underserved regions and communities.
- The California Competes Tax Credit Program under which “businesses who want to come to California or stay and grow in California” can receive an income tax credit.
- The California Business Investment Services Unit, which provides no-fee, tailored site selection services to employers and others who may be considering California for relocation or expansion.
- The California Business Portal, which provides information to California businesses about common questions, permitting, financial options, and more.
- The California Community Reinvestment Grants Program, which was included in Proposition 64, authorized GO-Biz to award grants to local health departments and certain nonprofit organizations to support communities disproportionately affected by the War on Drugs.
- The Zero Emission Vehicles (ZEV) Infrastructure Unit which works to accelerate the deployment of ZEV infrastructure.
- The International Affairs and Business Development Unit, which serves as California’s primary point of contact for expanding international trade and investment relations. This unit focuses on foreign direct investment (services for foreign investors, foreign investment technical assistance, and the EB-5 Investor Visa Program), international trade promotion (STEP program, trade missions, export assistance, and the California-China Trade Office), and international agreements.
- OSBA which provides information and assistance to small businesses.

OSBA. Since its inception, GO-Biz has served thousands of businesses, 95 percent of which are small businesses. The most frequent types of assistance include help with permit streamlining, starting a business, relocation and expansion of businesses, and regulatory challenges. In addition to economic development programs, GO-Biz is responsible for specialized assistance to small businesses through the OSBA. OSBA directly serves the small business community through hosting summits, forums, and interagency meetings; maintaining resources for technical assistance, financing, and state procurement; holding webinars, and other outreach methods.

GO-Biz launched a California Business Portal under the OSBA in 2015, which includes a Business Navigator feature, which provides custom information regarding permits, licenses, and incentives that relate specifically to the user's business; a Business Service Desk, which provides answers to commonly asked questions and allows businesses to submit questions; a financial assistance resources to help businesses research loan programs and other financing options; and a library of Quick Start Guides to provide businesses with information on how to start, grow, and expand specific types of businesses in California. Generally speaking, the portal is a service offered by GO-Biz that provides resources on how to start a business, relocating or expanding a business, international trade and investment, incentives and financing, emergency preparedness and recovery, closing a business, and email subscriptions.

GO-Biz also administers the Permit Assistance Unit which was established based on the agency's statutory authority to provide assistance to businesses in obtaining state and local permits and support small businesses in complying with regulatory requirements and was codified in statute by AB 2605 (Nazarian, Chapter 78, Statutes of 2605). The Permit Assistance Unit provides new business owners with assistance in identifying the permits needed to start a new business and facilitates meetings between businesses and regulatory agencies. The Permit Assistance Unit is also responsible for maintaining the CalGOLD program which provides assistance in finding local, state, and federal permit information based on business type and location in California as well as the contact information for relevant regulatory agencies. The online tool provides online resources, application forms, and contact information for the various agencies that administer and issue these permits. For permits and registrations administered by the State of California, CalGold also includes a Forms and Fee Finder with direct links to applications and fee information.

According to OSBA, TAP was established in 2018 to expand the capacity of federally funded and other eligible small business technical assistance centers operating in California. These centers provide one-on-one confidential consulting, training, and other business assistance services to small businesses and entrepreneurs throughout the state. TAP is intended to support organizations with the capacity to build upon existing services, expand assistance to underserved business communities, and promote equitable access to business development resources. Eligible activities supported through TAP funding include business planning and strategy development; capital readiness and fundraising assistance; expansion and revenue growth strategies, including exporting, government and private procurement, and e-commerce development; marketing; management; operations; financial management; cybersecurity; manufacturing and productivity improvements; innovation and technology transfer; and business resilience services such as disaster preparedness, economic recovery, succession planning, and youth entrepreneurship

OSBA also administers the CIP, which supports California's small business development center regional networks in assisting small businesses with accessing capital. Rather than providing direct loans or grants to businesses, CIP funding supports technical assistance providers and advisors that help businesses become capital-ready, prepare financing packages, identify funding opportunities, and obtain

loans, investments, bonds, and other forms of financing. According to OSBA, CIP receives approximately \$3 million annually to support capital access counseling and financing assistance services statewide.

3. **Arguments in Support.** Supporters write that:

“California’s small businesses continue to face persistent economic uncertainty driven by the threat of pulled federal funding, inflationary pressures, supply chain disruptions, workforce challenges, and the long-term impacts of regional and statewide emergencies. The services supported by AB 685 include one-on-one advising, financial planning, capital readiness, and operational resilience. These are essential tools that allow small businesses to recover from disruptions and plan for long-term sustainability. SBDCs are on the front lines of this work every day, assisting entrepreneurs in urban, rural, and underserved communities, and we see firsthand the demand for these services far outpacing existing capacity. AB 685 represents a strategic investment in California’s small business infrastructure by reinforcing programs that are accountable, data-driven, and results-oriented. The bill’s reporting requirements ensure transparency and legislative oversight while allowing flexibility to respond to evolving economic conditions. Importantly, this approach prioritizes efficiency by deploying resources through systems that are already operational and capable of rapid implementation. Small businesses are the backbone of California’s economy, driving job creation, innovation, and local economic stability. Strengthening the resiliency of these businesses strengthens California’s economic outlook.”

According to the League of California Cities, “Natural disasters like the Los Angeles wildfires devastate entire communities. Those whose livelihoods depend on the success of a small business are disproportionately impacted. Furthermore, small businesses are the economic engines of cities, generating tax revenue that funds critical public services. Communities impacted by the wildfires need access to every resource available in order to rebuild their economic base, the funding awarded under AB 685 would support these efforts.”

Los Angeles County advises that in “FY 2025-26, the County received a \$250,000 SB-TAP grant, which enabled the County to deliver hands-on advising to small businesses, provide financial readiness and compliance support to help businesses qualify for capital, expand outreach to historically underserved entrepreneurs, and coordinate with regional partners to align technical assistance with workforce and capital strategies.”

SUPPORT AND OPPOSITION:

Support:

California Association for Local Economic Development
California Women's Business Centers Network
Cameo - California Association for Micro Enterprise Opportunity
Capitol Regions Consulting, LLC
League of California Cities

Los Angeles Area Chamber of Commerce
Los Angeles County
Santa Monica Chamber of Commerce
United Chamber Advocacy Network

Opposition:

None received

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