
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 685 (Solache) - Small Business Resiliency and Innovation Act

Version: June 3, 2026

Urgency: Yes

Hearing Date: June 22, 2026

Policy Vote: B., P. & E.D. 10 - 0

Mandate: No

Consultant: Janelle Miyashiro

Bill Summary: AB 685 expands grant eligibility for the California Small Business Technical Assistance Program (TAP) and establishes the Small Business Resiliency and Innovation Act, which appropriates \$26 million from the General Fund to a new fund administered by the Office of Small Business Advocate (OSBA) within the Governor's Office of Business and Economic Development (GO-Biz) for allocation to TAP and the Capital Infusion Program (CIP), as specified.

Fiscal Impact:

- One-time General Fund appropriation of \$26 million to the newly created Small Business Resilience and Innovation Fund, to be administered by OSBA for the TAP and CIP. The bill allocates this funding as follows: \$7 million for TAP, \$17 million for CIP, and \$2 million for OSBA staff augmentation and program support.
- Unknown potentially significant costs, ranging in the mid-hundreds of thousands to low millions of dollars, for OSBA to administer the new fund and prepare the legislative report. The actual fiscal impact will depend on whether OSBA must integrate new eligibility parameters and funding into its grant award determination process for the current TAP and CIP program year, or if it will be required to administer an entirely new program (see staff comments).

Background: 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. According to OSBA, TAP receives approximately \$23 million annually.

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.

Proposed Law:

- Authorizes a small business technical assistance center to apply for grants as a network with an agreement in place between organizations supported by contracts for the same program under the same funding authority.
- 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.
- 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.
- 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
- 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.
- States that this bill is an urgency statute necessary for the immediate preservation of the public peace, health, or safety 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.

Staff Comments: GO-Biz notes that the TAP program year generally begins in July with the release of the program announcement. Once final funding applications are approved, grant agreements are established for a performance period running from October 1 through September 30 of the following year. These agreements require quarterly reporting, with the fourth-quarter report serving as the final, full-year report. The CIP program year follows this same calendar; however, its application process is not competitive. CIP funding is restricted to five regions, with allocations based on the relative population size of each.

It is unclear how this bill will integrate into the existing TAP and CIP structures. Because the bill contains an urgency clause, it could take effect this summer, and the proposed changes to both eligibility and funding could conflict with existing statute governing these programs for the upcoming program year (PY 2026-27).

If the proposed appropriation is approved during the current funding decision period and becomes available for deployment by October 2026, OSBA could execute grant agreements for TAP and CIP under its current processes without requiring a separate program announcement or application scoring.

Conversely, if the funding is approved and available after October 2026, OSBA will have additional administrative workload. Under this delayed scenario, OSBA would need to either administer these funds through amended grant agreements, or establish an entirely new program with separate eligibility terms and its own performance period. A standalone program would require separate performance and expenditure reporting, as well as separate encumbrances and payment processes.

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