# SENATE COMMITTEE ON
# BUSINESS, PROFESSIONS AND ECONOMIC DEVELOPMENT
**Senator Angelique Ashby, Chair**
**2025 - 2026 Regular**

| | | | |
|---|---|---|---|
| **Bill No:** | AB 940 | **Hearing Date:** | September 10, 2025 |
| **Author:** | Wicks | | |
| **Version:** | September 9, 2025 | | |
| **Urgency:** | No | **Fiscal:** | Yes |
| **Consultant:** | Sarah Mason | | |

**Subject:** Economic development: industry strategies

**SUMMARY:** Requires the Governor's Office of Business and Economic Development (GO-Biz) to develop industry strategies containing specified information for the strategic sectors identified in the California Jobs First State Economic Blueprint (Blueprint). Requires GO-Biz to additionally develop an industry strategy for the quantum technology subsector identified in the Blueprint and authorizes GO-Biz to develop industry strategies for the other subsectors identified in the Blueprint.

**Existing law:**

1) Establishes GO-Biz within the Governor's office for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment and economic growth. (Government Code (GC) §§ 12096 et. seq.)

2) Authorizes GO-Biz to develop content in order to provide information and resources to inform the general public about place-based and other geographically targeted economic development programs, including, but not limited to, federal Promise Zones within California that are designated by the United States Department of Housing and Urban Development; and Opportunity Zones designated by the United States Treasury. Requires GO-Biz to at least annually convene representatives from various programs and agencies across the state and from various federal programs and agencies for the purpose of discussing how California can leverage Promise Zones and Opportunity Zones to meet state and local community and economic development needs. (GC § 12097.5)

**This bill**:

1) Requires GO-Biz to develop industry strategies for the strategic sectors identified in the Blueprint to ensure an industry-specific approach that builds on the strategies outlined in the blueprint and outlines the activities and investments necessary to ensure that these sectors continue to grow in California. Specifies that the industry strategies must build upon California's comparative advantage, including its concentration of academic, scientific, and technological assets, coupled with a highly skilled workforce and that the industry strategies must include prioritizing access to tax incentives, grants, loan programs, and workforce training programs to catalyze private sector investment in the respective sector.

2) Requires the industry strategies to contain the following elements:

   a) An industry overview outlining the current state of the industry, why it is critical to California, and the specific strategies that would lead to increased jobs and capital investments.

   b) Identification of the key dependencies and risks associated with implementing the strategies.

   c) Identification of projects and programs that will most quickly improve the economic vitality of the industry, and the types of public-private partnerships between government, academia, and private investors that will be critical to access the funding necessary to accelerate the industry.

   d) An analysis of relevant state policies and regulations to identify opportunities to grow the industry and determine whether alternative approaches may accomplish goals in less costly ways.

   e) A summary of sector-level outcomes expected with the implementation of the strategies.

   f) A dedicated section on the State of California's website that is managed and updated with industry-specific information.

3) Requires GO-Biz to additionally develop an industry strategy for the quantum technology subsector identified in the Blueprint and authorizes GO-Biz to develop industry strategies for the other subsectors identified in the Blueprint. Requires GO-Biz to prioritize the industry strategy for quantum technology and submit a copy of the completed industry strategy to the Legislature on or before July 1, 2026. Requires GO-Biz to develop the industry strategy for quantum technology with engagement from key stakeholders in the regions that have identified quantum technology as a priority.

4) States findings and declarations that:

   a) California has made significant and lasting investments into regional and inclusive economic development strategies to ensure that the state continues to support the creation and attraction of, and access to, good-paying jobs for all Californians.

   b) The Blueprint was released as the first statewide economic development strategy in over 20 years, and the first statewide plan in the nation built from the work of regional collaboratives across the state, with particular emphasis on strengthening regional and local economies, investing in the workforce for the future, partnering with employers, and investing in innovation and technology.

   c) The Blueprint identifies strategic sectors and subsectors that make up the state's economy, and each sector has been identified as a priority by at least one of the state's economic regions.

d) California's high-tech sector stands as a cornerstone of the state's economy, known for its influential role in driving the state's reputation for innovation and outsized productivity. Across the state's 13 Jobs First Collaboratives, 7 have identified high-tech, which includes quantum technology, as a regional strategic sector.

e) Quantum technology has the potential to revolutionize industries, with astounding implications for society in terms of health care, climate change, energy, and security. Quantum technologies utilize the properties identified by quantum physics to provide new capabilities in a variety of applications, including computing, networking, communications, and sensing.

f) Quantum technology is expected to create trillions of dollars of value over the next decade, and policymakers worldwide are investing in quantum technology to ensure their participation in a future quantum economy. As economic competition grows and businesses choose to go where there is investment, California has limited time to leverage its unmatched technological and scientific assets to lead the next generation and drive new economic growth in the quantum technology sector.

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal by Legislative Counsel

**COMMENTS:**

1. **Purpose.** The Author is the Sponsor of this bill. According to the Author, "We all know that California has historically been a tech leader: our world-class research institutions, trailblazing tech companies, and a highly skilled workforce have driven innovation for decades. However, we are now at risk of falling behind in the quantum technology sector, as other states and countries continue to make direct investments into their own quantum ecosystems. AB 940 will create a much needed framework for California's quantum economy, ensuring our continued leadership in this rapidly emerging technology. Without state buy-in, we risk missing the opportunity to be at the forefront of this revolutionary technology, which has the potential to generate trillions of dollars of value in the next decade."

   The Author adds that "California is behind many other states in recognizing the potential of quantum computing for what is very likely to be its revolutionary impact on society, the economy, and national security. Quantum computing is an emerging field of cutting-edge computer science harnessing the unique qualities of quantum mechanics to solve problems beyond the ability of today's most powerful computers. For a quantum computer, challenges that might take a classic computer thousands of years to complete may be accomplished in minutes.

   California has long been the national leader on technology-Silicon Valley has led on research and innovation for decades, and our State continues to be the world's largest hub for technology. Many of the world's largest tech companies were started and/or are based in the State, and California's current policymakers are continuing to position the State aggressively relative to Artificial Intelligence.

However, other states are now making direct, substantial investments into quantum innovation, and as economic competition grows, businesses will look to establish themselves in regions with more favorable investment environments. A spotlight is being placed on the vast potential of quantum computing-the U.N. proclaimed 2025 as the International Year of Quantum Science and Technology, and U.S. Senators have introduced the National Quantum Initiative Reauthorization Act, authorizing $2.7 billion over five years to advance practical applications in quantum technology.

At this critical moment, California has limited time to establish itself as a leader in quantum innovation to retain and grow the state's quantum businesses and workforce and to access significant federal funding.

California's top competitors in quantum such as Harvard and the University of Chicago are now constructing new research facilities totaling tens of thousands of square feet and creating complementary educational programming. As a result, California-trained talent are beginning to pursue research and start companies elsewhere because other governments are offering critical incentives and infrastructure investments. California cannot afford to educate a quantum-ready workforce, only to have them to leave the State to work elsewhere…other states are now making direct, substantial investments into quantum innovation."

2. **Background.** 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 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.

- Office of the Small Business Advocate, which provides information and assistance to small businesses.

- 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.

In 2022, GO-Biz established the Community and Place-Based Solutions Team (Team) to support local governments, non-profits, community-based organizations, colleges and universities, and other economic development partners in their community development needs. The Team provides key technical assistance for community and economic development planning. According to the Team's website, place-based economic development strategies are initiatives to encourage economic and community development activity in defined geographic areas. Many communities have started emphasizing place-based strategies to strengthen hyperlocal activities around physical place, economic conditions and social infrastructure. Place-based economic development strategies include a variety of approaches to incentivize investment in disadvantaged communities, including

funding for infrastructure & public facilities, job creation & workforce development, affordable & workforce housing, and more.

In February 2025, the *California Jobs First State Economic Blueprint* was released, following the establishment of a state Regional Investment Initiative (RII) in 2021. The report noted that the RII brought together "a diverse set of community members to build the economic vision for their region". 13 economic regions were identified: North State, Redwood, Capital, Sierra, Bay Area, North San Joaquin, Central San Joaquin, Central Coast, Kern County, Los Angeles County, Inland SoCal, Orange County, and Southern Border.

*Quantum Technology.* According to the National Quantum Initiative, "Quantum Information Science (QIS) emerges from a deeper consideration of how quantum physics (our description of the world at the microscopic level) has implications for information science (how real systems like computers process information). Quantum information technology takes advantage of the fundamentally quantum properties of matter to design new types of computers, sensors, and networks which enable new speed, precision, or functionality. Building on key QIS scientific discoveries since the 1980s, pioneering experiments starting in the 1990's, quantum engineering from the 2000s, and commercial activity today, the world is on the cusp of a second quantum revolution. The prospects for innovation fueled by QIS, with implications for our economic prosperity and national security, motivate an all-of-government and all-of-nation approach to coordinating QIS activities in the United States."

The National Quantum Initiative Act (NQI Act) was signed into law on December 21, 2018 "...to accelerate quantum research and development for the economic and national security of the United States." The NQI Act authorizes the National Institute of Standards and Technology, the National Science Foundation, and the Department of Energy to strengthen QIS programs. The NQI Act also calls for a coordinated approach to QIS Research and Development efforts across the United States Government, including the civilian, defense, and intelligence sectors. To guide these actions, the NQI Act legislates some responsibilities to the National Science and Technology Council (NSTC) Subcommittee on Quantum Information Science, the NSTC Subcommittee on the Economic and Security Implications of Quantum Science, the National Quantum Coordination Office, and the National Quantum Initiative Advisory Committee.

The CHIPS and Science Act of 2022 amended the NQI Act to authorize research and development in quantum networking infrastructure; the development of standards in quantum networking and communication; the establishment of a program to facilitate a competitive, merit-reviewed base process for access to U.S.-based quantum computing resources for research purposes; and, the integration of quantum information science and engineering into the science, technology, engineering, and mathematics curriculum at all education levels. It also explicitly includes quantum information science in the new National Science Foundation Directorate for Technology, Innovation, and Partnerships, as well as in existing Federal scholarship programs.

Examples of technologies that have used quantum information science include semiconductor microelectronics, the global positioning system, and magnetic resonance imaging.

An August 2024 report of the Subcommittee on Quantum Information Science, of the Committee on Science, of the National Science & Technology Council notes that "Quantum information science and technology (QIST) is a critical and emerging field that could revolutionize the way information is collected, processed, and transmitted…Due to the many potential societal benefits of QIST, the field is being enthusiastically pursued around the globe."

The Author notes that in October 2023, the U.S. Economic Development Administration designated Colorado as a Regional Technology and Innovation Hub focused on the advancement of the quantum industry, with an investment of $40 million. Connecticut is also investing $60 million in QuantumCt, which is a public-private partnership seeking to accelerate the adoption of quantum technology in the state. Additionally, Maryland is investing $1 billion in the Potomac Quantum Innovation Center, and Illinois is also considering investments in quantum technology.

3. **Arguments in Support.** According to the University of California, "California has long been the national leader in technology and economic development. Silicon Valley has led on research and innovation for decades, and our State continues to be the world's largest hub for technology. Many of the world's largest tech companies were started and/or are based in the State – and California's current policymakers are continuing to position the State aggressively relative to Artificial Intelligence. AB 940 seeks to ensure that California stakes its claim as a national leader in key industry sectors. In the absence of such clear and proactive steps, the inevitable assemblage of innovation, talent and investment that will drive commerce, employment and discovery relative to quantum computing might occur elsewhere in the U.S."

   IonQ writes that "AB 940 is a critical stepping stone to ensure California has an opportunity to take the lead in this next frontier of computing…Quantum technology has the potential to address global challenges in climate, energy, materials science, cybersecurity and healthcare. AB 940 provides the structure to accelerate this work in California while laying the groundwork for future investment through the budget process."

**SUPPORT AND OPPOSITION:**

Support:

IonQ
University of California

Opposition:

None received

**-- END --**