Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 940
Author: Wicks (D), Ellis (R) and Hoover (R), et al.
Amended: 9/9/25 in Senate
Vote: 21

SENATE BUS., PROF. & ECON. DEV. COMMITTEE: 9-0, 9/10/25
AYES: Ashby, Choi, Archuleta, Arreguín, Grayson, Smallwood-Cuevas, Strickland, Umberg, Weber Pierson
NO VOTE RECORDED: Menjivar, Niello

SENATE APPROPRIATIONS COMMITTEE: 5-0, 9/11/25
AYES: Caballero, Seyarto, Cabaldon, Richardson, Wahab
NO VOTE RECORDED: Dahle, Grayson

ASSEMBLY FLOOR: 77-0, 5/27/25 - See last page for vote

SUBJECT: Economic development: industry strategies

SOURCE: Author

DIGEST: This bill (1) 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); (2) 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.

ANALYSIS:

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. Requires the industry strategies to contain specified elements.

2) 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.

3) States findings and declarations related to California investments in jobs; information about the Blueprint; the identification of high-tech, which includes quantum technology, as a regional strategic sector; the potential that quantum technology has to revolutionize industries and capability in a variety of applications like computing, networking, communications, and sensing.

Background

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 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.

Comments

The Author notes 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...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…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…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-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."

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

SUPPORT: (Verified 9/10/25)

Innovation Consortium (BASIC)
IonQ
Bay Area Science
University of California

OPPOSITION: (Verified 9/10/25)

None received

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."

ASSEMBLY FLOOR: 77-0, 5/27/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Jeff Gonzalez, Nguyen

Prepared by: Sarah Mason / B., P. & E.D. /
9/12/25 11:18:43

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