

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND  
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

SB 1044 (Reyes) – As Introduced February 11, 2026

**SENATE VOTE:** 33-0

**SUBJECT:** Public contracts: Small Business Procurement and Contract Act

**SUMMARY:** This bill increases the maximum value of contracts for goods, services, and information technology that may be awarded under the act from \$250,000 to \$350,000. Beginning January 1, 2029, and every two years thereafter, the Director of General Services would be required to review the contract threshold and may adjust it to reflect changes in the California Consumer Price Index.

Specifically, **this bill:**

- 1) Increase the maximum estimated value of a contract for goods, services, or information technology awarded pursuant to the act from \$250,000 to \$350,000.
- 2) Commencing January 1, 2029, and biennially thereafter, the bill would require the Director of General Services to conduct a review of that maximum value and would authorize the director to adjust that value to reflect changes in the California Consumer Price Index.

**EXISTING LAW:**

- 1) Permits a state agency or the California State University to award a contract for goods, services, or information technology with an estimated value between \$5,000 and \$250,000 to a certified small business, including a microbusiness and a disabled veteran business enterprise, without complying with specified competitive bidding requirements.

**FISCAL EFFECT:** According to the Senate Appropriations committee, DGS reports approximately \$85,000 for one limited-term staff member to develop the process to change the cap following the CA CPI, track biennial review dates, and update the State Contract Manual.

**COMMENTS:** California's Small Business Procurement and Contract Act allows state agencies and CSU to use streamlined procurement procedures for contracts awarded to certified small businesses, microbusinesses, and DVBEs. This bill seeks to modernize these thresholds to reflect increased costs and expand access to state contracting opportunities for eligible businesses. The bill would increase the maximum contract value eligible for streamlined procurement from \$250,000 to \$350,000 and authorize future inflation adjustments. Supporters contend that the current threshold has not kept pace with rising costs and that a higher threshold could reduce administrative burdens and create additional contracting opportunities for small businesses and DVBEs.

The bill may provide additional opportunities for small businesses to compete for state contracts and could reduce procurement processing time for agencies. However, expanding the use of streamlined procurement procedures may also reduce the number of contracts subject to broader competitive solicitation requirements. The extent of these impacts is uncertain and would depend on agency utilization and market conditions.

**Prior Legislation:** Prior measures have consistently sought to expand contracting opportunities for certified small businesses and disabled veteran business enterprises by increasing the maximum contract threshold and streamlining procurement requirements. While several bills proposed raising the limit to \$500,000, this bill instead increases the threshold to \$350,000 and provides for future adjustments based on inflation.

SB 70 (Seyarto, 2025) (Held in Assembly Appropriations)  
AB 2030 (Davies, 2024) (Held in Assembly Appropriations)  
AB 3236 (Hoover, 2024) (Held in Assembly Appropriations)  
SB 1478 (Archuleta, 2022) (Never Heard on the Assembly Floor)  
AB 1809 (Cervantes, 2019) (Held in the Senate Appropriations Suspense File)

**Opposition:** Opponents contend that expanding the no-bid contracting threshold may reduce competition, limit opportunities for smaller certified businesses, and weaken procurement oversight. They support applying the higher threshold to services and IT contracts but not to goods procurements.

**Proposed Committee Amendments:**

The amendments narrow the bill's scope by limiting the increased small-business procurement threshold from \$350,000 to contracts for services and information technology only, while retaining the existing \$250,000 threshold for goods procurements. The amendments also maintain the bill's provision requiring the Department of General Services to review the threshold beginning in 2029 and periodically adjust it based on inflation. The amendments seek to expand contracting opportunities for certified small businesses, microbusinesses, and disabled veteran business enterprises in sectors where contract values have increased significantly over time, while preserving existing competitive procurement safeguards for goods purchases. This approach may help balance the goal of increasing small-business participation in state contracting with concerns about maintaining competition and oversight for higher-value procurements.

**Author's Comments:** According to the author, "SB 1044 increases the maximum contract value for certified small businesses (SBs) and disabled Veteran business enterprises (DVBEs) from \$250,000 to \$350,000. Despite significant economic changes, the \$250,000 contract cap has remained unchanged since 2009. This means qualified small businesses are being excluded from contracts they could have the capacity to complete were it not for the cap. This bill reflects an inflation accommodation of \$350,000 to give small businesses and disabled veterans a fighting chance to thrive in such a competitive market. This bill also requires that the Director of General Services review this cap biennially and ensure these adjustments reflect the California Consumer Price Index (CPI). During a time of economic uncertainty, these measures will help modernize the procurement process, creating more opportunities for small businesses and DVBEs while ensuring the program remains aligned with ongoing inflation and market conditions. SB 1044 reflects California's commitment to uplifting disabled veterans and small business owners by enabling them to remain competitive as vital contributors to our state."

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Asian Pacific Chamber of Commerce  
California Association of Veteran Service Agencies  
California Hispanic Chambers of Commerce  
California Lgbtq Chamber of Commerce  
Veterans in Business Network (VIB)

**Opposition**

California Metals Coalition  
Coalition of Small and Disabled Veteran Businesses  
Teamsters California

**Oppose Unless Amended**

CA Black Chamber of Commerce

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