

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1044 (Reyes) – As Amended June 24, 2026

Policy Committee: Economic Development, Growth, and Vote: 7 - 0
Household Impact

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill increases the contract award cap amounts for services or information technology from \$250,000 to \$350,000, under which a state agency or the California State University (CSU) may award a contract to a certified small business (SB) or a disabled veteran business enterprise (DVBE) without a competitive bid process.

The bill also requires the director of the Department of General Services (DGS), commencing January 1, 2029, and every two years thereafter, to conduct a review of the maximum estimated contract value authorized under this cap and authorizes the department to adjust said value to reflect changes in the California Consumer Price Index (CPI).

FISCAL EFFECT:

- 1) One-time General Fund cost between \$87,000 and \$174,000 for DGS to hire a limited term analyst position to oversee development of a process for changing the maximum contract dollar value as required by the bill and distributed associated resources and technical assistance to businesses.
- 2) One-time General Fund costs to the CSU of an unknown amount, likely in the tens of thousand of dollars, to update contracting policies.
- 3) Minor and absorbable costs to the California Department of Corrections and Rehabilitation (CDCR) to accommodate additional review of an expanded pool of vendors eligible for certain service and IT contracts.

COMMENTS:

- 1) **Purpose.** According to the author:

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.

- 2) **Background.** The competitive bid process is both resource-intensive and involves a significant level of bureaucracy. For SBs and DVBES, this reality reduces their ability to compete for government contracts. This bill increases the cap for a non-competitive bid process for services or information technology to \$350,000, which makes it easier for state agencies to award contracts to SBs and DVBES in furtherance of the state's equity and veteran inclusion goals, 25% and 3% for SBs and DVBES, respectively. Additionally, by generating increased business activity for DVBES and SBs the bill may result in the ability for these entities to invest more resources into their local communities and provide additional career opportunities for underserved populations, such as veterans and their spouses.
- 3) **Related Legislation.** SB 70 (Seyarto), of the current legislative session, is substantially similar to this bill and applies the increased cap to contracts for both goods and services and information technology. SB 70 was held in this committee.

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