

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

SB 1340 (Richardson) – As Introduced February 20, 2026

SENATE VOTE: 33-0

SUBJECT: Small business liaison: contract information

SUMMARY: This bill requires each state agency's small business liaison to annually report specified contracting information, including contracts that contain small business subcontracts, to the Office of Small Business Advocate. The office would then be required to publish the reported information on its website to increase transparency and accountability in state contracting.

Specifically, **this bill:**

- 1) Requires the small business liaison for each state agency to annually submit specified contract information to the Office of Small Business Advocate, including, among other things, a list of all contracts of the state agency that include a subcontract with a small business.
- 2) Requires the Office of Small Business Advocate to post that contract information on its internet website.

EXISTING LAW:

- 1) Establishes the Office of Small Business Advocate within the Governor's Office of Business and Economic Development, led by the Small Business Advocate, and sets forth its powers and duties relating to advocacy on behalf of small businesses and providing small businesses with the information they need to survive in the marketplace.
- 2) Requires a state agency that significantly regulates small business or that significantly impacts small business to designate at least one person to serve as a small business liaison for the agency. Existing law requires these state agencies to notify the Office of Small Business Advocate within the Governor's Office of Business and Economic Development and the Department of General Services of specified information, including the name and contact information of the agency's small business liaison.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- A. OSBA anticipates approximately \$137,000 in ongoing General Fund costs for one Analyst II position to support the workload associated with the bill's expanded data collection and publication mandates.
- B. The cumulative fiscal impact on the 154 state agencies and departments with designated small business liaisons required to comply with the bill's expanded

reporting mandates is unknown. However, to the extent increased workload is absorbable within existing resources, the statewide fiscal impact may be minor.

COMMENTS: California has established procurement participation goals intended to expand contracting opportunities for certified small businesses, microbusinesses, and Disabled Veteran Business Enterprises (DVBEs). Existing law requires state agencies to pursue a 25% small business participation goal and a 3% DVBE participation goal in state contracting. SB 1340 seeks to strengthen oversight and accountability for small business and DVBE participation in state procurement through three primary mechanisms. First, the bill requires each state agency's small business liaison to annually report specified contracting information to the Office of the Small Business Advocate (CalOSBA), including contracts awarded to small businesses, contracts containing small business subcontracts, and amounts paid under those contracts and subcontracts. The bill requires CalOSBA to publish this information on its website.

Second, the bill establishes protections intended to ensure that small businesses, microbusinesses, and DVBEs identified in bid proposals are utilized during contract performance. The bill prohibits a prime contractor from substituting, replacing, or terminating a listed small business, microbusiness, or DVBE subcontractor without approval from the awarding state agency.

Third, the bill requires agencies to obtain certifications from prime contractors upon completion of contracts for which a small business participation commitment was made. Prime contractors must certify the amount received under the contract, identify participating small businesses, report amounts paid to those businesses, and certify that all payments due have been made. Agencies may request proof of payment.

A key policy question is whether current state procurement reporting and compliance mechanisms adequately track subcontracting commitments and payments, or whether additional reporting and certification requirements are necessary to ensure participation goals result in meaningful contracting opportunities for small businesses and DVBEs

Author's Statement: According to the author, "Small businesses are significant contributors to California's economy, accounting for 42.3% (\$70.1 billion) of the state's exports annually. These businesses drive economic growth and mobility, creating 7.6 million jobs in 2025 alone. In order to fully leverage the goal established by AB 2019 (Petrie-Norris, Ch. 730, Stats. 2022), California must have a standard reporting requirement to ensure state agencies are meeting and/or exceeding the required 25% participation goal for small businesses. SB 1340 will help and identify participation gaps and strengthen accountability by evaluating whether small businesses are receiving meaningful access to state contracting opportunities."

REGISTERED SUPPORT / OPPOSITION:

Support

CA Black Chamber of Commerce
CA Edge Coalition
California African American Chamber of Commerce
California Asian Pacific Chamber of Commerce
California Retailers Association

Cameo - California Association for Micro Enterprise Opportunity
Career Launch Path
Family Business Association of California
Latino Media Collaborative
Los Angeles County Business Federation (BIZ-FED)
Prismatic Research & Strategy

Opposition

None on file.

Analysis Prepared by: Carla Castilla / E.D., G., & H.I. / (916) 319-2090