Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1340 (Richardson) – As Amended June 18, 2026

Policy Committee: Economic Development, Growth, and Household Impact — Vote: 8 - 0

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

SUMMARY:

This bill requires a state agency small business liaison to annually submit to the Office of Small Business Advocate (OSBA) and post to its website information regarding contracts and subcontracts between the state agency and a small business.

Specifically, the bill requires annual submission by a state agency of a list of all current contracts between the agency and a small business, a list of all contracts including a subcontract with a small business, and the total dollar amount paid to a small business under a contract or subcontract, among other changes.

FISCAL EFFECT:

Ongoing General Fund costs of $137,000 annually to OSBA for one analyst and, potentially, an additional $25,000 to $75,000 annual IT, web, and data support workload (General Fund) to implement and maintain the annual reporting and publication process.

OSBA also reports that if it is required to verify agency submissions independently, then costs would be higher.

It is unknown how much it will cost state agencies with designated small business liaisons, cumulatively statewide, to comply with the bill's expanded reporting mandates. However, according to the OSBA, significant costs, to awarding departments or the Department of General Services, might result from monitoring listed small business and disabled veteran business enterprise (DVBE) subcontractor utilization, reviewing and approving substitutions, requiring completion certifications, reviewing proof of payment upon request, and providing standardized data for CalOSBA publication.

COMMENTS:

1) **Purpose.** 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.

Background. Current law tasks the OSBA with providing support and resources to small businesses to help them succeed in the marketplace. Additionally, each state agency charged with significant regulation of small businesses must designate at least one person to serve as the small business liaison for their respective department. Current law also requires a state agency to pursue a small business contract participation goal of 25% and a Disabled Veteran Business Enterprise goal of 3%. By increasing contracting reporting requirements on state agencies, proponents of this bill, such as the California Retailers Association, argue that it "will strengthen transparency and fiscal accountability to ensure small businesses are given opportunities to effectively participate in the state's procurement processes."

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