

Date of Hearing:

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

SB 247 (Smallwood-Cuevas) – As Amended April 21, 2025

SENATE VOTE: 30-10

SUBJECT: State agency contracts: bid preference: equity metrics

SUMMARY: This bill requires state awarding departments to provide a bid preference to contractors that establish and meet prescribed equity metrics. It prohibits noncompliant bidders from receiving the preference and prevents the preference from being used to satisfy minimum contract requirements. The bill also directs the Department of General Services to adopt regulations necessary to implement and administer these provisions.

Specifically, **this bill:**

- 1) Establishes the California Good Jobs Act and requires state agencies awarding certain large state contracts funded through the federal Infrastructure Investment and Jobs Act (IIJA), Inflation Reduction Act (IRA), or CHIPS and Science Act to provide bid preferences to contractors that commit to hiring workers residing in disadvantaged communities or distressed areas.
- 2) Creates a graduated bid preference ranging from 1% to 10%, depending on the percentage of contract labor hours performed by eligible workers. It also directs the Department of General Services (DGS) to adopt regulations and enforcement mechanisms to implement the program.
- 3) Requires an awarding department, defined to include a state agency or department, to provide a bid preference of 10% *a prescribed percentage, as specified*, in the award of contracts to contractors that set equity metrics, as prescribed. *metrics*.
- 4) Prohibits awarding a preference to a noncompliant bidder and would also prohibit the preference from being used to achieve any applicable minimum requirements.
- 5) Requires the Department of General Services to adopt rules and regulations for the purpose of implementing these provisions.

EXISTING LAW:

- 1) Existing law establishes multiple procurement preference and participation programs intended to promote economic opportunity through state contracting. These include:
- 2) The Small Business Procurement and Contract Act, which establishes a goal that at least 25% of state procurement dollars be awarded to small businesses and provides a 5% bid preference for certified small businesses.

- 3) The Disabled Veteran Business Enterprise (DVBE) Program, which establishes a statewide participation goal of 3% for certified DVBEs in state contracts.
- 4) The Target Area Contract Preference Act (TACPA), which provides bid preferences for California-based businesses that perform work in distressed areas and hire individuals facing a high risk of unemployment. TACPA currently provides a 5% worksite preference and an additional workforce preference of up to 4%.
- 5) Existing law also requires CalEPA to identify disadvantaged communities based on geographic, socioeconomic, environmental, and public health criteria for purposes of targeted state investments.

FISCAL EFFECT: None.

COMMENTS: California is expected to receive approximately \$42 billion through IIJA funding, including approximately \$38.8 billion for transportation projects. The IRA has provided billions of dollars nationally for clean energy investments, while the CHIPS Act supports domestic semiconductor manufacturing and technology development. This bill builds upon existing procurement preference programs. TACPA currently provides bid preferences for businesses operating in distressed areas and additional preferences for hiring workers at high risk of unemployment. This bill differs by focusing on worker residence rather than business location and by establishing a larger preference structure of up to 10%. This bill applies only to projects financed through three major federal initiatives enacted between 2021 and 2022:

- Infrastructure Investment and Jobs Act (IIJA)
- Inflation Reduction Act (IRA)
- CHIPS and Science Act

This bill requires awarding departments to provide bid preferences for certain contracts exceeding \$35 million that utilize funding from the IIJA, IRA, or CHIPS and Science Act. The bill defines an "eligible person" as an individual residing in either:

- A disadvantaged community identified pursuant to existing CalEPA criteria; or
- A distressed area, defined as a census tract in the highest quartile statewide for poverty and unemployment.

The bill establishes the following bid preference schedule:

Eligible Labor Hours Bid Preference

5%-9%	1%
10%-19%	2%
20%-29%	3%
30%-39%	4%

Eligible Labor Hours Bid Preference

40%-49%	5%
50%-59%	6%
60%-69%	7%
70%-79%	8%
80%-89%	9%
90% or more	10%

The bill prohibits noncompliant bidders from receiving the preference and requires DGS regulations to include compliance and reporting requirements. The preference may not be used to satisfy other statutory participation requirements.

Author Statement: According to the author, “This bill helps protect and uplift these communities by offering a 10% bid preference for public infrastructure projects that meet disadvantaged worker equity metrics. This sends a clear message: diversity, equity, and inclusion are not just priorities, they are essential to the success of California’s workforce and economy.”

REGISTERED SUPPORT / OPPOSITION:

Support

Initiate Justice
Western Electrical Contractors Association

Opposition

California Association of Sheet Metal & Air Conditioning Contractors National Association
California Chapters of the National Electrical Contractors Association
California Legislative Conference of Plumbing, Heating & Piping Industry
Construction Employers' Association
Southern California Contractors Association
United Contractors (UCON)
Wall and Ceiling Alliance
Western Wall and Ceiling Contractors Association (WWCCA)

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