

Date of Hearing: July 9, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 25 (Umberg) – As Amended May 27, 2025

Policy Committee: Judiciary

Vote: 10 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires a person who files a federal premerger notification to provide a copy of the notification to the California Attorney General (AG), authorizes the AG to request additional documentation, and governs confidentiality of records received by the AG.

Specifically, this bill:

- 1) Requires a person who files (“filer”) a specified federal premerger notification to electronically file a copy of the form, and a copy of any additional material included in the federal filing, with the AG, as specified, if one of the following conditions is met:
 - a) The filer has its principal place of business in California.
 - b) The filer, or a person it directly or indirectly controls, had annual net sales in California of the goods or services involved in the transaction of at least 20% of the applicable filing threshold.
- 2) Authorizes the AG to request additional documentary material from a filer and requires a filer to submit the requested material within seven business days.
- 3) Authorizes the AG to charge a filer specified filing fees, authorizes the AG to adjust the fee levels periodically to reflect changes in the California Consumer Price Index, and requires any fees collected be deposited into the AG Antitrust Account.
- 4) Exempts forms and materials filed under this bill from disclosure under the California Public Records Act, and prohibits the AG from publicly disclosing specified forms and information.
- 5) Permits the AG to disclose the above confidential materials subject to a protective order entered in a judicial or administrative proceeding where the proposed merger is relevant to the matter.
- 6) Authorizes the AG to impose on a filer a civil penalty of up to \$10,000 per day for each day of noncompliance with the filing requirements.

FISCAL EFFECT:

- 1) Ongoing costs (AG Antitrust Account Fund) to the Department of Justice (DOJ), likely in the hundreds of thousands of dollars annually, for additional staffing to review premerger

notifications, review proposed mergers, and enforce the bill's filing requirements. DOJ anticipates costs of \$516,000 in fiscal year (FY) 2025-26 and \$921,000 annually thereafter for software licensing and four staff positions: a deputy attorney general, senior legal analyst, legal secretary, and research data specialist. The bill may result in additional long term costs to DOJ if the department pursues more antitrust enforcement actions based on premerger filings. DOJ's costs may be offset to some extent by the fees the bill authorizes the department to collect and any civil penalties collected by the department through enforcement actions.

- 2) Possible cost pressures (Trial Court Trust Fund, General Fund) of an unknown but potentially significant amount to the courts to adjudicate enforcement actions relating to the bill's filing requirements and antitrust enforcement actions. Actual costs will depend on the number of actions filed and the amount of court time needed for each action. Court costs may be offset to some extent by the expected decrease in court workload related to DOJ subpoenas for premerger information. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded on the basis of workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The fiscal year 2025-26 state budget provides \$82 million ongoing General Fund to the Trial Court Trust Fund for court operations.

COMMENTS:

- 1) **Background.** As discussed in more detail in the analysis of this bill by the Assembly Committee on Judiciary, federal law requires a business contemplating a merger or acquisition above a certain size to file a notification and supporting information with the Federal Trade Commission (FTC) and federal DOJ. Although the California DOJ is authorized by law to ensure proposed mergers and acquisitions comply with state antitrust law, existing law does not require a business to provide the department with the business's federal filing information. As a result, to investigate pending mergers, DOJ must file subpoenas to obtain the same information that filers must provide directly to the federal authorities.
- 2) **Purpose.** This bill requires a filer to provide the California DOJ with a copy of its federal premerger or acquisition filings so DOJ can review them without a subpoena, allowing DOJ's review to take place at the same time as review by the federal authorities. The bill is sponsored by the California Commission on Uniform State Laws. According to the sponsor:

SB 25 will allow for California to make timely decisions on proposed merger deals, thereby reducing unnecessary litigation and providing businesses with enhanced certainty about the mergers in a timely manner. The language of SB 25 is the product of substantial consensus building with affected parties to ensure that the authorities that oversee mergers have the necessary information to protect the public while business interests are not unduly burdened.

This bill is based on the Uniform Antitrust Premerger Notification Act, a model law developed by the Uniform Law Commission. Colorado and Washington have enacted similar laws, and similar legislation has been introduced in several other states.