

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 70 (Seyarto) – As Amended March 3, 2025

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 amount cap from \$250,000 to \$350,000, under which a state agency 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, 2028, and every two years thereafter, to conduct a review of the maximum estimated contract value and authorizes the department to adjust said value to reflect changes in the California Consumer Price Index (CPI).

FISCAL EFFECT:

- 1) Ongoing General Fund costs of approximately \$85,000 every other year for DGS to hire one limited-term staff member to update the maximum dollar contract values for changes in the California CPI as well as update the State Contract Manual, and other necessary technical assistance for state agencies every two years.
- 2) Ongoing General Fund costs of \$140,000 for the California Department of Corrections and Rehabilitation (CDCR) to hire one additional staff responsible for reviewing the additional potential vendors resulting from the increased SB/DVBE cap that would now be eligible for a contract without a competitive bid process.

COMMENTS:

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

SB-70 is crucial for leveling the playing field for small businesses and disabled Veteran-owned businesses in California. The current \$250,000 contract cap, unchanged since 2009, has severely limited California's ability to compete for state contracts due to inflation. By increasing this threshold to \$350,000 and linking it to the CPI, SB-70 ensures we can continue serving our state while maintaining sustainable business operations. This modernization is vital for the thousands of small businesses and Veteran entrepreneurs who contribute to California's diverse economy.

- 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 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 likely results 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.

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