

Date of Hearing: August 20, 2025

# ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 781 (Reyes) – As Amended July 14, 2025

Policy Committee:	Economic Development, Growth, and	Vote: 7 - 0
	Household Impact	
	Local Government	10 - 0

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

## SUMMARY:

Requires the Office of the Small Business Advocate (OSBA) to increase small business participation in procurement opportunities by working with local agencies to facilitate the creation of Small Business Utilization Programs (SBUP) to support this goal. The bill also modifies applicant eligibility criteria for the California Small Business Technical Assistance Program (TAP) for grants administered by OSBA.

## FISCAL EFFECT:

Ongoing General Fund costs of approximately \$501,000 to the Governor's Office of Business and Economic Development for workload associated with the expanded scope of responsibilities for the Director of OSBA to collaborate with local agencies.

## COMMENTS:

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

SB 781 would encourage cities and counties to adopt Small Business Utilization Plans to leverage local contracting activities to promote local economic growth. Small businesses offer personalized products and services tailored to the needs of their community, fostering a sense of belonging and trust among residents. Small businesses could significantly contribute to local economies if they had access to city and county government procurement opportunities. This bill would support small businesses in their local procurement efforts and clarify that the state is able to continue to fund small business programs regardless of federal matching requirements. SB 781 will empower small businesses, invigorate local economies, and cultivate thriving communities for generations to come.

2) **Background. *Small Business Procurement.*** Under current law, state and local agencies generally must award public contracts to the lowest responsible bidder. A local agency may also require that contracts be awarded to the lowest responsible bidder who meets goals for contract participation by minority and women business enterprises. If a bidder does not meet the local agency's goals, the agency must evaluate the bidder's good faith efforts to meet those goals.

This bill establishes the SBUP to increase small businesses' participation in local agency procurement opportunities, including a small business certification process, policies and strategies related to assistance and resources available to small businesses, and tracking data on local procurement activities and methods. Subject to an appropriation for this purpose, the bill requires OSBA to issue a call annually, beginning November 15, 2027, to collect data from each local agency participating in the SBUP and issue a report on the data.

**TAP.** TAP, established within OSBA, assists small businesses through one-on-one consulting and training offered for free or at low-cost by entering into grant agreements with small business technical assistance centers. Current law charges OSBA with administering the grant program approving eligible small business technical assistance centers. OSBA also administers the California Dream Fund program which provides “microgrants” through TAP, up to \$10,000 each, to support small business creation in underserved communities facing capital and opportunity gaps. TAP receives \$23 million General Fund annually through the state budget to support federally or privately awarded programs providing technical assistance to small businesses and entrepreneurs, including assistance with procurement opportunities.

A small business technical assistance center supporting small businesses under TAP must have federal authorization, typically through an active contract with a federal funding partner, to administer a TAP program in California, or they may qualify by documenting a private funding source with similar intent to the criteria defined in state law. This bill removes the requirement for a small business technical assistance center to fully draw down federal funds available for TAP programs as some of these centers, particularly those assisting minority-owned small businesses, may lose eligibility for federal funds under the current federal administration.

- 3) **Prior Legislation.** AB 2262 (Reyes), of the 2024 Legislative Session, was substantially similar to this bill with regard to the creation of the SBUP. The bill was held in the Senate Appropriations Committee.

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