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California State Senate

SENATOR
ELOISE GÓMEZ REYES
TWENTY-NINTH SENATE DISTRICT



COMMITTEES:
EDUCATION
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SB 781 (Reyes): Small Business Utilization Plans

SUMMARY

SB 871 would encourage cities and counties to adopt Small Business Utilization Plans to leverage local contracting activities to support small businesses and local economic growth. The bill would also clarify that the state is able to continue to fund small business programs regardless of federal matching requirements.

BACKGROUND

California is home to 4.1 million small businesses, making up 99.8% of all business in the state and employing 7.2 million people or 47.6% of the private workforce. California businesses with less than 100 employees represent 97.6% of all business in the state and employ nearly 34 percent of all workers.

Small businesses have demonstrated a unique ability to fill niche business needs, bridge gaps in supply chains, bring innovative products and ideas into the marketplace, and help American products enter global markets. While small businesses serve as an essential foundation of the California economy, their economic contributions could be more significant and strengthen local economies if they had access to city and county government procurement opportunities.

Relatedly, the federal Administration's recent Executive Order issued on January 20, 2025, to discontinue all diversity, equity, and inclusion activities in federal government has

created uncertainty for contracts and eligibility of federally designated technical assistance centers because of their work with Minority Business Development Centers.

There is a currently requirement in state law that necessitates federal matching of funds for the California Small Business Technical Assistance Program (SB TAP). This requirement combined with federal uncertainty potentially jeopardizes the state's ability to support small businesses.

THIS BILL

SB 781 provides a comprehensive framework for local governments adopting Small Business Utilization Plans. Among other elements, the Small Business Utilization Plan includes a 25% minimum goal for small business procurement participation and calls for local procurement incentives, preferences, flexibility in solicitation requirements, unbundling of larger contracts, and training for local government staff to help them implement successful programs.

To help local governments succeed, the bill also provides general authority to the Office of the Small Business Advocate to support local government small business procurement activities and clarifies that the state is able to continue to fund small business programs regardless of federal matching requirements.

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SUPPORT

California Asian Pacific Chamber of Commerce
(Sponsor)

California Hispanic Chamber of Commerce
(Sponsor)

California African-American Chamber of
Commerce (Sponsor)

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