

\*\*\*\*\*

# JEDE AMENDMENTS

\*\*\*\*\*

AB 915 (Chiu & Holden): Introduced 2/17/21  
Submitted by: Toni Symonds, JEDE Committee Staff

## Version 5

**SECTION 1.** (a) The Legislature finds and declares all of the following:

(1) The positive fiscal impact of small businesses and minority-owned businesses to the overall economic health and stability of California, the fifth largest economy in the world, cannot be underestimated or overlooked – where in fact the entire California economy is predicated on the continual success and growth of all small businesses.

(2) Given that the size of the California budget is the largest of all states in the entire country, the California budget contributes one-seventh of the country’s gross domestic product (GDP), and that, pre-COVID, small businesses totaled 3.9 million, or 99.8 percent of all California businesses, and 1.6 million were minority owned.

(3) Small businesses not only contribute significantly to the tax base of the State of California but also account for approximately 7 million employees, or 48.8 percent of all employment in the state.

(4) It is therefore incumbent upon the State of California to ensure that a fair share of procurement spending be directed and dedicated to small and minority-owned small businesses.

(5) The State of California must carefully consider and provide guidance to all state departments, agencies, bureaus, and other state entities as to reflect small and minority-owned businesses as a priority when determining procurement decisions.

(6) As the economy pivots to recover and rebound post the COVID economic collapse, it is imperative for the state to **acknowledge and address the lack of diversity among contractors participating in state contracts and to seek innovative ways to identify diverse businesses owners and encourage them to become certified small businesses. The existing network of California disadvantaged business enterprises, could play a crucial role in diversifying the state’s pool of certified small businesses.** ~~assert that procurement goals not only include small businesses (“SBs”), but also minority owned businesses, also known as “disadvantaged business enterprises” (“DBEs”), as is referenced in federal procurement policies.~~

(7) A means of economic recovery for the financial base of California would include codifying the previously expressed intent of the executive and legislative branches, respectively, of the state achieving a goal of procurement spending of 25 percent to SBs and DBEs.

(b) It is the intent of the Legislature that California SBs and DBEs are prioritized and uplifted by means of economic equity as it pertains to a percentage of state procurement dollars going to these entities.

## **SEC. 2. Section 10111 of the Public Contract Code is amended to read:**

10111. Commencing January 1, 2007, the department shall make available a report on contracting activity containing the following information:

(a) A listing of consulting services contracts that the state has entered into during the previous fiscal year. The listing shall include the following:

(1) The name and identification number of each contractor.

(2) The type of bidding entered into, the number of bidders, whether the low bidder was accepted, and if the low bidder was not accepted, an explanation of why another contractor was selected.

- (3) The amount of the contract price.
- (4) Whether the contract was a noncompetitive bid contract, and why the contract was a noncompetitive bid contract.
- (5) Justification for entering into each consulting services contract.
- (6) The purpose of the contract and the potential beneficiaries.
- (7) The date when the initial contract was signed, and the date when the work began and was completed.
- (b) The report shall also include a separate listing of consultant contracts completed during that fiscal year, with the same information specified in subdivision (a).
- (c) The information specified in subdivisions (a) and (b) shall also include a list of any contracts underway during that fiscal year on which a change was made regarding the following:
  - (1) The completion date of the contract.
  - (2) The amount of money to be received by the contractor, if it exceeds 3 percent of the original contract price.
  - (3) The purpose of the contract or duties of the contractor. A brief explanation shall be given if the change in purpose is significant.
- (d) The level of participation, by agency, of disabled veteran business enterprises in statewide contracting and shall include dollar values of contract award for the following categories:
  - (1) Construction.
  - (2) Architectural, engineering, and other professional services.
  - (3) Procurement of materials, supplies, and equipment.
  - (4) Information technology procurements.Additionally, the report shall include a statistical summary detailing each awarding department's goal achievement and a statewide total of those goals.
- (e) The level of participation by small business in state contracting including:
  - (1) Upon request, an up-to-date list of eligible small business bidders by general procurement and construction contract categories, noting company names and addresses and also noting which small businesses also qualify as microbusinesses.
  - (2) By general procurement and construction contract categories, statistics comparing the small business and microbusiness contract participation dollars to the total state contract participation dollars.
  - (3) By awarding department and general procurement and construction categories, statistics comparing the small business and microbusiness contract participation dollars to the total state contract participation dollars.
  - (4) Any recommendations for changes in statutes or state policies to improve opportunities for small businesses and microbusinesses.
  - (5) A statistical summary of small businesses and microbusinesses certified for state contracting by the number of employees at the business for each of the following categories: 0–5, 26–50, 51–75, and 76–100.
  - (6) To the extent feasible, beginning in the year 2008, the number of contracts awarded by the department in the categories specified in paragraph (5).
  - (7) The number of contracts and dollar amounts awarded annually pursuant to Section 14838.5 of the Government Code to small businesses, microbusinesses, and disabled veteran business enterprises.
- (f) The level of participation of business enterprises, by race, ethnicity, and gender of the owner, in contracts to the extent that the information has been voluntarily reported to the department. In addition, the report shall contain the levels of participation of business enterprises, by race, ethnicity, and gender of the owner, and whether the business is a lesbian, gay, bisexual, or transgender owned business for the following categories of contracts, to the extent that the information has been voluntarily reported to the department:
  - (1) Construction.
  - (2) Purchases of materials, supplies, or equipment.
  - (3) Professional services.

(g) In the years 2011 and 2012, any errors reported to the department by an awarding agency as required by Sections 10302, 10344, and 12104.5, in the previous fiscal year.

(h) The amendments made to this section by the act adding this subdivision shall apply on and after January 1, 2013.

**(i) The level of participation, by agency, of dual certified small business and disadvantaged business enterprises in statewide contracting and shall include dollar values of contract award for the following categories:**

**(1) Construction.**

**(2) Architectural, engineering, and other professional services.**

**(3) Procurement of materials, supplies, and equipment.**

**(4) Information technology procurements.**

**(5) By general procurement and construction contract categories, statistics comparing the dual certified small business and disadvantaged business enterprises contract participation dollars to the total state contract participation dollars.**

**(6) By awarding department and general procurement and construction categories, statistics comparing the dual certified small business and disadvantaged business enterprises contract participation dollars to the total state contract participation dollars.**

**SEC 3** Section 11148.5 of the Government Code is amended to read:

**11148.5.** (a) A state agency that significantly regulates small business or that significantly impacts small business shall designate at least one person who shall serve as a small business liaison. The agency shall utilize existing personnel and resources to perform the duties of small business liaison.

(b) A state agency that significantly regulates small business or that significantly impacts small business shall widely publicize the position of small business liaison in appropriate agency publications and by prominently displaying the name and contact information of the small business liaison on the agency's website if the agency has a website.

(c) The small business liaison shall be responsible for all of the following:

(1) Receiving and responding to complaints received by the agency from small businesses.

(2) Providing technical advice and assisting small businesses in resolving problems and questions regarding compliance with the agency's regulations and relevant statutes.

(3) Reporting small business concerns and, if appropriate, reporting recommendations to the agency secretary or to the agency head, as defined in Section 11405.40.

(4) Reviewing and updating, on a semiannual basis, content on the agency website that is accessible through the small business link provided on the State of California Internet portal pursuant to Section 11541.5.

(5) Assisting the agency secretary, department director, or executive officer, as applicable, in ensuring that the procurement and contracting processes of the applicable entity are administered in order to meet or exceed the 25 percent small business participation goal, and developing and sharing innovative procurement and contracting practices from the public and private sectors to increase opportunities for small businesses.

(6) Developing an "economic equity first" action plan and policy for the agency, which will provide, among other things, direction, recommendations, and strategies as to how best ensure that disadvantaged business enterprises **that also qualify as a small business, pursuant to 14837**, are effectively involved in, and benefiting from, the

procurement process of the agency. The action plan and policy shall be submitted to the agency secretary, department director, or executive officer by January 1, 2023, and adoption of an “economic equity first” action plan shall occur by January 1, 2024. The action plan may include, but is not limited to, education and outreach, disadvantaged business enterprise stakeholder engagement, and intentional expansion of disadvantaged business enterprise suppliers for the agency, **which also qualify as a small business pursuant to section 14837. A state agency may meet the requirements of this subparagraph by having a current targeted procurement outreach plan that includes small business, disabled veteran business enterprises, and disadvantaged business enterprises.**

(d) The small business liaison shall not advocate for or against the adoption, amendment, or repeal of any regulation or intervene in any pending investigation or enforcement action.

(e) A state agency that significantly regulates small business or that significantly impacts small business shall notify the Office of Small Business Advocate within the Governor’s Office of Business and Economic Development and the Department of General Services of each of the following:

(1) The name and contact information of the person or persons who have been designated as the agency’s small business liaison, on or before March 1, 2018.

(2) An occurrence of a vacancy in the position of small business liaison, within 15 working days of the occurrence of the vacancy. The state agency shall designate a small business liaison within three months after providing notice of the vacancy.

(f) For purposes of this section, “small business” has the same meaning as set forth in Section 11342.610.

**SEC 4 SEC. 3.** Section 12098.4 of the Government Code is amended to read:

**12098.4.** (a) Each agency of the state shall furnish to the advocate the reports, documents, and information that are public records and that the advocate deems necessary to carry out their functions under this chapter.

(b) (1) The advocate shall prepare and submit a written annual report to the Governor and to the Legislature that describes the activities and recommendations of the office, including an evaluation of the efforts of state agencies and, where appropriate, specific departments, that significantly regulate small businesses to assist minority and other small business enterprises, and making recommendations that may be appropriate to assist the development and strengthening of minority and other small business enterprises.

(2) The annual report prepared by the advocate shall also include details regarding **their activities to support procurement participation by** ~~in the 25 percent procurement goal for small businesses, microbusinesses, disadvantaged business enterprises, and disabled veteran business enterprise participation, as well as~~ **The report shall also include information on state agency** compliance and implementation of relative “economic equity first” action plans and policies, developed pursuant to Section 11148.5, by state agency liaisons and advocates.

(c) (1) The advocate may establish a centralized interactive telephone referral system and internet website to assist small and minority businesses in their operations, including governmental requirements, such as taxation, accounting, and pollution control, and to provide information concerning the agency from which more specialized assistance may be obtained.

(2) The advocate shall post on the GO-Biz internet website or the advocate’s internet website:

(A) Information on how to receive assistance in identifying and understanding the state’s regulatory requirements. This information shall include:

(i) The name, telephone number, internet website, and email of the small business liaison designated pursuant to Section 11148.5 to assist small businesses with understanding and adhering to the regulatory requirements of the state entities in which they serve.

(ii) The internet website developed and maintained by GO-Biz to identify licensing, permitting, and registration requirements of state agencies, pursuant to the requirements of Section 12097.1

(B) Information on how to receive assistance in certifying as a small business, **DVBE, and disadvantaged business enterprise**, and identifying and participating in state procurement opportunities shall be easily accessible from the homepage of the Go-Biz internet website. This information shall include:

(i) The name, telephone number, internet website, and email of the small business advocate designated pursuant to Section 14846 to assist small businesses in contracting with the state entities in which they serve.

(ii) Contact information for the Office of Small Business and Disabled Veteran Business Enterprise Services established pursuant to Section 14839.

(C) Information about emergency preparedness, responses to emergencies, and recovery strategies for small businesses. This information shall be developed and updated in consultation with relevant state agencies and emergency responders.

(D) A link to the Energy Upgrade California internet website to assist small business owners in accessing information on the availability of various programs promoting the efficient use of energy.

(E) Information on programs administered through the statewide network of small business financial development corporations. Programs covered shall include loan guarantees, direct lending, surety bond guarantees, and disaster loans. Information shall be presented in a manner appropriate to address the needs of both small businesses and existing and potential financial institutions and financial companies.

(F) Information on how to identify and access services provided through the statewide network of small business technical assistance centers, including, but not limited to, small business development centers, women business centers, veteran business outreach centers, procurement technical assistance centers, and the Manufacturing Extension Partnership.

**SEC. 5.** ~~SEC 4~~ Section 14836 of the Government Code is amended to read:

**14836.** (a) The Legislature hereby declares that it serves a public purpose, and it is of benefit to the state, to promote and facilitate the fullest possible participation by all citizens in the affairs of the State of California in every possible way. It is also essential that opportunity is provided for full participation in our free enterprise system by small business enterprises, ~~which includes, but is not limited to, women-owned, LGBTQ, and “socially and economically disadvantaged individuals,” as described in Section 26.67 of Title 49 of the Code of Federal Regulations and by Section 8(a) of the Small Business Act of 1953.~~

(b) Further, it is the declared policy of the Legislature that the state should aid, counsel, assist, and protect, to the maximum extent possible, the interests of small business concerns, ~~as described in subdivision (a), including microbusinesses, in order to preserve free competitive enterprise and to ensure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the state, by stating that at least 25 percent of these purchases be placed with these enterprises.~~

**(c) In supporting the success of California small businesses, the state economy is strengthened by the diversity and resiliency of its small businesses and it is essential to ensure all small businesses are able to fully participate in the domestic and global markets, including, but not limited to, businesses owned by women, disabled individuals, people who identify as LGTQ, immigrants, and socially and economically disadvantaged individuals.**

**SEC. 6.** ~~SEC 5~~ Section 14837 of the Government Code is amended to read:

**14837.** As used in this chapter:

(a) “Department” means the Department of General Services.

(b) “Director” means the Director of General Services.

(c) “Manufacturer” means a business that meets both of the following requirements:

(1) It is primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.

(2) It is classified between Codes 31 to 33, inclusive, of the North American Industry Classification System.

(d) (1) (A) “Small business” means an independently owned and operated business that is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 100 or fewer employees. Commencing January 1, 2019, the average annual gross receipts threshold shall be fifteen million dollars (\$15,000,000).

(B) For the purposes of public works contracts, as defined in Section 1101 of the Public Contract Code, and engineering contracts, as described in Section 4525, for public works projects, awarded through competitive bids or otherwise, “small business” means an independently owned and operated business that is not dominant in its field of operation, the principal office of which is located in California, the officers of which are domiciled in California, and which, together with affiliates, has 200 or fewer employees, and average annual gross receipts of thirty-six million dollars (\$36,000,000) or less over the previous three years. This subparagraph shall become operative on January 1, 2019.

(2) “Microbusiness” is a small business which, together with affiliates, has average annual gross receipts of two million five hundred thousand dollars (\$2,500,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 25 or fewer employees. Commencing January 1, 2019, the average annual gross receipts threshold shall be five million dollars (\$5,000,000).

(3) (A) The director shall conduct a biennial review of the average annual gross receipt levels specified in this subdivision and may adjust that level to reflect changes in the California Consumer Price Index for all items.

(B) Commencing January 1, 2019, the director shall conduct the biennial review and make that adjustment. To reflect unique variations or characteristics of different industries, the director may establish, to the extent necessary, either higher or lower qualifying standards than those specified in this subdivision, or alternative standards based on other applicable criteria. The director shall communicate and coordinate with the Small Business Advocate to execute this biennial review.

(4) Standards applied under this subdivision shall be established by regulation, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2, and shall preclude the qualification of businesses that are dominant in their industry. In addition, the standards shall provide that the certified small business or microbusiness shall provide goods or services that contribute to the fulfillment of the contract requirements by performing a commercially useful function, as defined below:

(A) A certified small business or microbusiness is deemed to perform a commercially useful function if the business does all of the following:

(i) Is responsible for the execution of a distinct element of the work of the contract.

(ii) Carries out its obligation by actually performing, managing, or supervising the work involved.

(iii) Performs work that is normal for its business services and functions.

(iv) Is responsible, with respect to products, inventories, materials, and supplies required for the contract, for negotiating price, determining quality and quantity, ordering, installing, if applicable, and making payment.

(v) Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted by normal industry practices.

(B) A contractor, subcontractor, or supplier will not be considered to perform a commercially useful function if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of small business or microbusiness participation.

(e) "Disabled veteran business enterprise" means an enterprise that has been certified as meeting the qualifications established by paragraph (7) of subdivision (b) of Section 999 of the Military and Veterans Code.

(f) ~~"Socially and economically disadvantaged individuals" mean "disadvantaged~~ **"Disadvantaged** business enterprises" mean," **"Socially and economically disadvantaged individuals"** as described in Section 26.67 of Title 49 of the Code of Federal Regulations and by Section 8(a) of the Small Business Act of 1953.

**SEC 7 SEC. 6.** Section 14838 of the Government Code is amended to read:

**14838.** In order to facilitate the participation of small business, including microbusiness, in the provision of goods, information technology, and services to the state, and in the construction, including alteration, demolition, repair, or improvement, of state facilities, the directors of the department and other state agencies that enter those contracts, each within their respective areas of responsibility, shall do all of the following:

(a) (1) Establish a minimum goal of 25 percent **procurement participation for** ~~, as is reasonable per scope of procurement need relative to free market availability to deliver the product, good, or service by a small disadvantaged, or disabled veteran business enterprise, consistent with those established by the Office of Small Business and Disabled Veteran Business Enterprise Services, for the extent of participation of small businesses, including microbusinesses, in the provision of goods, information technology, and services to the state, and in the construction of state facilities.~~

(2) ~~By January 1, 2027, each state agency shall provide a compliance report, relative to the 25 percent small, disadvantaged, or disabled veteran business enterprise goal, to the Department of General Services. This report shall include the percentage of small, disadvantaged, or disabled veteran business enterprise state procurement participation per legislative district. [Move the compliance report to Contract Code]~~

~~(3) By December 31, 2027, the Director of General Services shall testify to the Legislature on the effectiveness and outcomes of the statewide compliance of the minimum 25 percent goal of small, disadvantaged, or disabled veteran business enterprise procurement participation.~~

~~(4) Thereafter, the Director of General Services shall annually provide a written report to the Legislature on compliance with the 25 percent minimum goal of small, disadvantaged, or disabled veteran business enterprise procurement participation, and subject to a hearing on this matter, at the discretion of the Legislature.~~

~~(A) The requirement for submitting a report imposed under this paragraph is inoperative on January 1, 2032, pursuant to Section 10231.5.~~

~~(B) A report to be submitted pursuant to this paragraph shall be submitted in compliance with Section 9795.~~

~~(5) The failure of an agency to meet the minimum goal of 25 percent by January 1, 2027, shall result in the agency having an audit conducted by the Department of General Services with a subsequent report back to the Legislature as to reasons and justifications for not meeting the goal, by no later than January 1, 2028. The context of the reporting shall, at minimum, consist of a written report, complete with audit findings from the Department of General Services, and may include hearings by, and at the discretion of, the Legislature.~~

(b) Provide for small business preference, or nonsmall business preference for bidders that provide for small business and microbusiness subcontractor participation, in the award of contracts for goods, information technology, services, and construction, as follows:

(1) In solicitations where an award is to be made to the lowest responsible bidder meeting specifications, the preference to small business and microbusiness shall be 5 percent of the lowest responsible bidder meeting specifications. **Additionally, for public works contracts, as defined Section 1101 of the Public Contract Code, the preference to disadvantaged business enterprises shall be a separate 5 percent of the lowest responsible bidder meeting specifications.** The preference to nonsmall business bidders that provide for small business or microbusiness subcontractor participation shall be, up to a maximum of 5 percent of the lowest responsible bidder meeting specifications, determined according to rules and regulations established by the Department of General Services.

(2) In solicitations where an award is to be made to the highest scored bidder based on evaluation factors in addition to price, the preference to small business or microbusiness shall be 5 percent of the highest responsible bidder's total score. Additionally, the preference to disadvantaged business enterprises shall be a separate 5 percent of the highest responsible bidder's total score **on contracts for public works, as defined in Section 1101 of the Public Contract Code.** The preference to nonsmall business bidders that provide for small business or microbusiness subcontractor participation shall be up to a maximum 5 percent of the highest responsible bidder's total score, determined according to rules and regulations established by the Department of General Services.

(3) The preferences under paragraphs (1) and (2) shall not be awarded to a noncompliant bidder and shall not be used to achieve any applicable minimum requirements.

(4) The preference under paragraph (1) shall not exceed fifty thousand dollars (\$50,000) for any bid, and the combined cost of preferences granted pursuant to paragraph (1) and any other provision of law shall not exceed one hundred thousand dollars (\$100,000). In bids in which the state has reserved the right to make multiple awards, this fifty thousand dollar (\$50,000) maximum preference cost shall be applied, to the extent possible, so as to maximize the dollar participation of small businesses, including microbusinesses ~~and disadvantaged business enterprises~~, in the contract award.

(c) Give special consideration to small businesses, **and** microbusinesses, ~~and disadvantaged business enterprises~~ by both:

(1) Reducing the experience required.

(2) Reducing the level of inventory normally required.

(d) Give special assistance to small businesses and microbusinesses in the preparation and submission of the information requested in Section 14310.

(e) Under the authorization granted in Section 10163 of the Public Contract Code, make awards, whenever feasible, to small business and microbusiness bidders for each project bid upon within their prequalification rating. This may be accomplished by dividing major projects into subprojects so as to allow a small business or microbusiness contractor to qualify to bid on these subprojects.

(f) Small business and microbusiness bidders qualified in accordance with this chapter shall have precedence over nonsmall business bidders in that the application of a bidder preference for which nonsmall business bidders may be eligible under this section or any other provision of law shall not result in the denial of the award to a small business or microbusiness bidder. In the event of a precise tie between the low responsible bid of a bidder meeting specifications of a small business or microbusiness, and the low responsible bid of a bidder meeting the specifications of a disabled veteran-owned small business or microbusiness, the contract shall be awarded to the disabled veteran-owned small business or microbusiness. This provision applies if the small business or microbusiness bidder is the lowest responsible bidder, as well as if the small business or microbusiness bidder is eligible for award as the result of application of the small business and microbusiness bidder preference granted by subdivision (b).

(g) If the directors of the department and other state agencies that enter into those contracts are unable to reach the goals established under subdivision (a) in the year in which the changes made by the act that added this subdivision become operative, the directors of the department and other state agencies may count towards that goal, contracts with firms that would be considered a small business or microbusiness under the amendments made to Section 14837 by the act adding this subdivision. This subdivision shall become operative on January 1, 2019.

**SEC 8** ~~SEC. 7.~~ Section 14838.2 of the Government Code is amended to read:

**14838.2.** The Legislature finds and declares all of the following:

(a) Market demand is a driving factor in determining profitability of California companies and the ability of those companies to invest in business growth.

(b) The onset of COVID-19 and the subsequent economic downturn and recession has laid bare considerable social and economic inequities, and overall, nearly one-half of all small businesses face permanent closure, with disadvantaged business enterprises facing even higher foreclosure thresholds.

(c) The current economic recession caused by COVID-19 is ~~causing an economic crisis in California~~, hitting our minority and disadvantaged communities the hardest.

(d) California companies are often at a competitive disadvantage when responding to public contract proposals from government agencies because of factors associated with higher taxes, wages, rents, labor benefits, and insurance rates.

(e) The competitiveness of California companies is also impacted as a result of in-state business preference policies that exist in other states.

**SEC 9 SEC. 8. Section 14838.7 of the Government Code is amended to read:**

14838.7. (a) Notwithstanding the advertising and bidding provisions of Chapter 6 (commencing with Section 14825) of this code and Chapter 1 (commencing with Section 10100) of Part 2 of Division 2 of the Public Contract Code, a state agency may award a contract for construction, including the erection, construction, alteration, repair, or improvement of any state structure, building, road, or other state improvement of any kind that has an estimated value of greater than five thousand dollars (\$5,000) but less than the cost limit, as specified in subdivision (b) of Section 10105 of the Public Contract Code, to a certified small business, including a microbusiness, **disadvantaged business enterprise** or to a disabled veteran business enterprise, as long as the agency obtains written bid submittals from two or more certified small businesses, including microbusinesses, or from two or more disabled veteran business enterprises **or two or more disadvantaged business enterprise.**

(b) In implementing subdivision (a), state agencies shall consider a responsive offer timely received from a responsible certified small business, including a microbusiness, or from a disabled veteran business enterprise.

(c) If the estimated cost to the state is less than five thousand dollars (\$5,000) for the public work construction project, a state agency shall obtain at least two written bid submittals from responsible contractors whenever there is reason to believe a response from a single source is not a fair and reasonable price.

~~Section 14838.5 of the Government Code is amended to read: [This DVBE and Small Business Option does not apply to public works, so this would allow an agency to sole source to a DBE, rather than a small business or DVBE.]~~

~~14838.5. (a) Notwithstanding the advertising, bidding, and protest provisions of Chapter 6 (commencing with Section 14825) of this part and Chapter 2 (commencing with Section 10290) and Chapter 3 (commencing with Section 12100) of Part 2 of Division 2 of the Public Contract Code, a state agency may award a contract for the acquisition of goods, services, or information technology that has an estimated value of greater than five thousand dollars (\$5,000), but less than two hundred fifty thousand dollars (\$250,000), to a certified small business, including a microbusiness, disadvantaged business enterprise, or to a disabled veteran business enterprise, as long as the agency obtains price quotations from two or more certified small businesses, including microbusinesses, or from two or more disabled veterans business enterprises.~~

~~(b) In carrying out subdivision (a), a state agency shall consider a responsive offer timely received from a responsible certified small business, including a microbusiness, disadvantaged business enterprise, or a disabled veteran business enterprise.~~

~~(c) If the estimated cost to the state is less than five thousand dollars (\$5,000) for the acquisition of goods, services, or information technology, or a greater amount as administratively established by the director, a state agency shall obtain at least two price quotations from responsible suppliers whenever there is reason to believe a response from a single source is not a fair and reasonable price.~~

**SEC 10. SEC. 9. Section 14839 of the Government Code is amended to read:**

14839. (a) There is hereby established within the department the Office of Small Business and Disabled Veteran Business Enterprise Services. The duties of the office shall include:

(1) Compiling and maintaining a comprehensive bidders list of qualified small businesses and disabled veteran business enterprises, and noting which small businesses also qualify as microbusinesses.

(2) Coordinating with the Federal Small Business Administration, the Minority Business Development Agency, the California Disabled Veteran Business Enterprise Program Advocate, appointed by the Secretary of the Department of Veterans Affairs pursuant to Section 999.11 of the Military and Veterans Code, and the Small Business Advocate, appointed by the Governor pursuant to Section 12098.3.

(3) Providing technical and managerial aids to small businesses, microbusinesses, and disabled veteran business enterprises, by conducting workshops on matters in connection with government procurement and contracting.

(4) Assisting small businesses, microbusinesses, and disabled veteran business enterprises, in complying with the procedures for bidding on state contracts.

(5) Working with appropriate state, federal, local, and private organizations and business enterprises in disseminating information on bidding procedures and opportunities available to small businesses, microbusinesses, and disabled veteran business enterprises.

(6) Making recommendations to the department and other state agencies for simplification of specifications and terms in order to increase the opportunities for small business, microbusiness, disadvantaged business enterprise, and disabled veteran business enterprise participation.

(7) Developing, by regulation, other programs and practices that are reasonably necessary to aid and protect the interest of small businesses, microbusinesses, and disabled veteran business enterprises in contracting with the state, including, but not limited to, those specified in Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code.

(8) Making efforts to develop, in cooperation with associations representing counties, cities, and special districts, a core statewide small business certification application that may be adopted by all participating entities, with any supplemental provisions to be added as necessary by the respective entities.

(b) The information furnished by each contractor requesting a small business or microbusiness preference shall be under penalty of perjury.

**SEC 11.** ~~SEC. 10.~~ Section 14840 of the Government Code is amended to read:

**14840.** (a) (1) In the process of certifying and determining the eligibility of a disabled veteran business enterprise, ~~disadvantaged business enterprise~~, or a small business enterprise, including a microbusiness, the department shall require the applicant or certified firm to submit a written declaration, under penalty of perjury, that the information submitted to the department pursuant to this chapter, and in the case of a disabled veteran enterprise all information submitted to the department pursuant to Section 999.2 of the Military and Veterans Code, is true and correct.

(2) The department, at its discretion, **shall establish a fast-track small business certification for business enterprises that hold a current may** apply relevant federal certifications for **the a disadvantaged** business enterprise, **as defined in subdivision (f) of 14837.** ~~categories referenced above, including certifications from the federal Small Business Administration and federal Department of Transportation, and in the department's delineated procurement authority to other state agencies.~~

(b) (1) If the department determines that just cause exists, it may require the owner of the disabled veteran business enterprise, disadvantaged business enterprise, microbusiness, or small business, the applicant, or the certified firm to complete and submit to the department a federal Form 4506-T from the Internal Revenue Service, United States Department of the Treasury, requesting a transcript of a tax return.

(2) For the purposes of this subdivision, "just cause" means either of the following circumstances exists:

(A) The department receives a complaint regarding the certified firm.

(B) The department determines, based on its findings during the course of any certification eligibility review of the applicant or certified firm, that the action described in paragraph (1) is necessary.

**SEC. 11. Section 14841 of the Government Code is amended to read:**

14843. **(a)** The department may make all rules and regulations consistent with the law for the purpose of carrying into effect the provisions of this chapter. Rules and regulations shall be adopted, amended, or repealed in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1.

**(b) The department shall consider appropriate remedial actions to be taken in regards to mandatory reporting agencies that failed in 3 out of 5 years to meet their small business or disabled veteran business enterprise goals, including, but not limited to, the removal of the department's delegated contract authority or the placement of additional restrictions on contracting activity. Department actions related to this subdivisions shall be included in the consolidated annual report.**

**SEC 12.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.