

AMENDED IN ASSEMBLY APRIL 20, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1573**

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**Introduced by Committee on Jobs, Economic Development, and  
the Economy**

March 4, 2021

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An act to ~~add Section 12098.9 to~~ amend Sections 12100.62 and 12100.63 of the Government Code, relating to small business.

LEGISLATIVE COUNSEL'S DIGEST

AB 1573, as amended, Committee on Jobs, Economic Development, and the Economy. *Small business technical assistance: California Business Retention Program.*

*Existing law, until January 1, 2024, establishes the California Small Business Development Technical Assistance Expansion Program of 2018 within the Governor's Office of Business and Economic Development, also known as GO-Biz, for the purpose of assisting small businesses through free or low-cost one-on-one consulting and low-cost training by entering into grant agreements with one or more federal small business technical assistance centers.*

*This bill, among other things, would add the definition of "small business technical assistance center," which means federal small business technical assistance centers or local governments, or tax exempt nonprofit community-based organizations with a mission that includes economic or business development that operates entrepreneurial or small business development programs that provide free or low-cost services to underserved businesses and entrepreneurs, thereby expanding the scope of those entities eligible for grants under the program. The bill would provide the funding requirements applicable*

to an applicant that is not a federally contracted small business technical assistance center.

This bill would create, upon appropriation of the necessary funds by the Legislature, a supplemental grant program designated as the Small Business Retention Program. The bill would require GO-Biz to establish the program to provide grants to small business technical assistance centers for the purpose of supporting the retention of small businesses by leveraging the state’s economic development and small business technical assistance providers, as provided.

The bill would also make conforming changes.

~~Existing law establishes the Office of Small Business Advocate within the Governor’s Office of Business and Economic Development, also known as GO-Biz, and prescribes the duties and functions of the Small Business Advocate, who is also the Director of the Office of Small Business Advocate. Among these duties, the director is to serve as the principal advocate in the state on behalf of small businesses and to represent the views and interests of small businesses before other state agencies, the policies and activities of which may affect small businesses.~~

~~This bill would create the California Business Retention Program, within the office, to support the retention of small businesses by leveraging the state’s economic development and small business technical assistance providers. The bill would require the program to include, among other things, grant funding to support regional and local business retention programs. The bill would also require the office to publish an annual report on its internet website, and notify the Legislature when the report is available.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 12100.62 of the Government Code is
- 2 amended to read:
- 3 12100.62. Unless the context otherwise requires, the following
- 4 definitions in this section shall govern the construction of this
- 5 article:
- 6 (a) “California Small Business Development Center Program”
- 7 is comprised of the five regional networks of small business
- 8 development centers operating in the state pursuant to a cooperative

1 agreement between the fiscal agent and the federal Small Business  
2 Administration.

3 (b) “Committed nonstate local cash match” means funding  
4 awarded by a nonstate local source to a federal small business  
5 technical assistance center through a letter of intent, notice of  
6 award, or cash deposit.

7 (c) “Director” means the Director of the Governor’s Office of  
8 Business and Economic Development.

9 (d) “Federal small business technical assistance center” means  
10 an organization that contracts with a federal funding partner to  
11 operate a small business development center, a women’s business  
12 center, a veterans business outreach center, a manufacturing  
13 extension partnership center, a minority business development  
14 center, a procurement technical assistance center, or a similar  
15 program within this state to support small businesses.

16 (e) “Federal funding partner” means the federal Small Business  
17 Administration, federal Department of Commerce, federal  
18 Department of Defense, or any other federal agency with the  
19 authority to administer a small business technical assistance  
20 program in this state.

21 (f) “Fiscal agent” means the entity with which a ~~federal~~ funding  
22 partner contracts to administer small business technical assistance  
23 programs within a state or district. The fiscal agent shall be directly  
24 accountable to the ~~federal~~ funding partner for all aspects of the  
25 specified small business technical assistance program, including  
26 staffing, programming, outreach, securing any required matching  
27 funds to draw down federal ~~funds~~, *or other public or private funds*,  
28 and reporting performance outcomes to operate the program in the  
29 fiscal agent’s area of responsibility.

30 (g) “GO-Biz” or “office” means the Governor’s Office of  
31 Business and Economic Development.

32 (h) “Local cash match” means nonfederal funds that are spent  
33 on eligible program costs.

34 (i) “Manufacturing extension partnership center” means a  
35 California contractor recognized by the federal National Institute  
36 of Standards and Technology pursuant to the Omnibus Trade and  
37 Competitiveness Act of 1988 (Public Law 100-418), at which  
38 small manufacturers can obtain information and assistance on new  
39 technology acceleration, supply chain management, lean

1 processing, export development, sustainable manufacturing  
2 practices, and other issues related to innovation.

3 (j) “Minority business development *agency center*” means an  
4 entity or physical location, recognized by the federal Department  
5 of Commerce, from which a minority-owned small business may  
6 receive consulting and technical services to expand to new markets,  
7 both foreign and domestic.

8 (k) “Minority business *development agency export center*”  
9 means an entity or physical location, recognized by the federal  
10 Department of Commerce, from which a minority-owned small  
11 business may receive consulting and technical services to increase  
12 access to capital, contracts, and foreign markets.

13 (l) “Procurement act” means Chapter 142 (commencing with  
14 Section 2411) of Part IV of Subtitle A of Title 10 of the United  
15 States Code, which governs the Procurement Technical Assistance  
16 Cooperative Agreement program, administered by the federal  
17 Department of Defense.

18 (m) “Procurement technical assistance center” means an entity  
19 or physical location, recognized by the federal Department of  
20 Defense, from which a small business owner may receive free  
21 training on a variety of topics, including starting, operating, and  
22 expanding a small business.

23 (n) “Program” means the California Small Business  
24 Development Technical Assistance Expansion Program *of 2018*  
25 created pursuant to Section 12100.63 and administered in  
26 accordance with this article.

27 (o) “Small business act” means the Small Business Development  
28 Center Act of 1980 (Public Law 96-302), and any amendments to  
29 that act, which authorizes the Small Business Development Center  
30 Program, administered by the federal Small Business  
31 Administration.

32 (p) “Small business development center” means to an entity or  
33 physical location, recognized by the federal Small Business  
34 Administration, from which a small business owner or an aspiring  
35 entrepreneur may receive free one-on-one consulting and low  
36 at-cost training on a variety of topics, including starting, operating,  
37 and expanding a small business.

38 (q) “*Small business technical assistance center*” means a federal  
39 *small business technical assistance center or local government,*  
40 *or any established nonprofit community-based organization,*

1 *exempt from federal income taxation pursuant to Section 501(c)(3)*  
2 *of the Internal Revenue Code, the mission of which includes*  
3 *economic or business development that operates entrepreneurial*  
4 *or small business development programs that provide free or*  
5 *low-cost services to California’s underserved businesses and*  
6 *entrepreneurs.*

7 ~~(q)~~

8 (r) “Veteran’s business act” means Section 657b of Title 15 of  
9 the United States Code, which establishes the Office of Veterans  
10 Business Development and governs veteran business outreach  
11 centers, administered by the federal Small Business Administration.

12 ~~(r)~~

13 (s) “Veterans business center” means an entity or physical  
14 location, recognized by the federal Small Business Administration,  
15 from which a small business veteran owner or an aspiring veteran  
16 entrepreneur can receive free one-on-one consulting and low at-cost  
17 training on a variety of topics including starting, operating, and  
18 expanding a small business.

19 ~~(s)~~

20 (t) “Women’s business act” means the Women’s Business  
21 Ownership Act of 1988 (Public Law 100-533), and any  
22 amendments to that act, administered by the federal Small Business  
23 Administration.

24 ~~(t)~~

25 (u) “Women’s business center” means an entity or physical  
26 location, recognized by the federal Small Business Administration,  
27 from which a small business owner or an aspiring entrepreneur  
28 can receive free one-on-one consulting and low at-cost training  
29 on a variety of topics including starting, operating, and expanding  
30 a small business.

31 *SEC. 2. Section 12100.63 of the Government Code is amended*  
32 *to read:*

33 12100.63. (a) The California Small Business Technical  
34 Assistance Expansion Program is hereby created within the office.

35 (b) The program shall be under the direct authority of the  
36 director.

37 (c) The purpose of the program is to assist small businesses  
38 through free or low-cost one-on-one consulting and low-cost  
39 training by entering into grant agreements with one or more ~~federal~~  
40 small business technical assistance centers.

1 (d) In implementing the program, the office shall consult with  
2 local, regional, federal, and other state public and private entities  
3 that share a similar mission to support the needs of small businesses  
4 in California.

5 (e) An applicant pursuant to this article shall be a ~~federal~~ small  
6 business technical assistance center operating as a group, including  
7 a regional or statewide network, or as an individual center.

8 (1) A ~~federal~~ small business technical assistance center operating  
9 as a group consisting of centers organized under a coordinating  
10 administrative or fiscal entity shall apply by submitting a single  
11 consolidated application to the office.

12 (2) A ~~federal~~ small business technical assistance center operating  
13 as an individual center shall apply by submitting a single  
14 application for that center to the office.

15 (f) The office shall administer the program to provide grants to  
16 expand the capacity of small business development technical  
17 assistance programs in California, administered by and primarily  
18 funded by ~~federal agencies~~, *agencies or, upon a supplemental*  
19 *appropriation pursuant to subdivision (j), shall include local*  
20 *governments and other nonprofit small business technical*  
21 *assistance centers* that provide one-on-one confidential consulting  
22 and training to small businesses and entrepreneurs in this state.  
23 An applicant shall be eligible to participate in the program if the  
24 office determines that the applicant meets all of the following  
25 criteria:

26 (1) (A) At the time of applying for funds, the applicant has an  
27 active contract with a federal funding partner to administer a  
28 program in this state, or has received a letter of intent from a federal  
29 funding partner to administer a federal small business technical  
30 assistance center program in this state within the next fiscal year.

31 (B) *Alternatively, if the applicant is not a federally contracted*  
32 *small business technical assistance center, the applicant shall*  
33 *document a public or private funding source to provide a match*  
34 *of grant dollars.*

35 (2) (A) (i) The applicant provided a plan of action and  
36 commitment to fully draw down all of the federal funds available  
37 using local cash match and state funds not described in Section  
38 12100.65 during the duration of the award period. ~~GO-Biz may~~  
39 ~~request that the applicant provide details relating to the source and~~  
40 ~~amount of these nonstate local match funds.~~

1 (ii) *Alternatively, if the applicant is not a federally contracted*  
2 *small business technical assistance center, the applicant shall*  
3 *present a plan of action for drawing down the required match*  
4 *using nonstate funds.*

5 (iii) *The office may request that the applicant provide details*  
6 *relating to the source and amount of these nonstate local match*  
7 *funds.*

8 (B) If the applicant is a new federal small business technical  
9 assistance center, the applicant has demonstrated the ability to  
10 fully draw down substantially all federal funds available to it.

11 (3) The requested funding amount does not exceed the total  
12 federal award specified in the contract with the federal funding  
13 partner-~~contract~~, *contract or the local match sources specified in*  
14 *clause (ii) of subparagraph (A) of paragraph (2), but in any event*  
15 *is no less than twenty five thousand dollars (\$25,000).*

16 (4) The applicant seeks funding for one or more years, but no  
17 more than five years in duration.

18 (5) The grant agreements authorized by this article are not  
19 subject to the model contract provisions developed pursuant to  
20 Chapter 14.27 (commencing with Section 67325) of Part 40 of  
21 Division 5 of Title 3 of the Education Code.

22 (6) The applicant has a fiscal agent that is able to receive  
23 nonfederal funds.

24 (g) The office shall issue a request for proposal for grants under  
25 the program, which may contain the following information:

- 26 (1) The eligibility requirements described in subdivision (e).
- 27 (2) The available funding range.
- 28 (3) Funding instruments.
- 29 (4) The local cash match requirement described in subdivision
- 30 (f).
- 31 (5) Operational capacity.
- 32 (6) The duration of the program.
- 33 (7) The start date of the program.
- 34 (8) Narrative requirements.
- 35 (9) Reporting requirements.
- 36 (10) Required attachments.
- 37 (11) Submission requirements.
- 38 (12) Application evaluation criteria.
- 39 (13) An announcement of an awards timeline.

1 (h) (1) The office shall evaluate applications received based  
2 on the following factors:

3 (A) The proposed use of the requested funding, including the  
4 specificity, measurability, and ability of the applicant to document  
5 and achieve the goals and objectives identified in its application.

6 (B) The proposed management strategy of the applicant to  
7 achieve its goals and objectives identified in its application.

8 (C) The applicant's ability to complement and leverage the work  
9 of other local, state, federal, nonprofit, or private business technical  
10 assistance resource providers.

11 (D) The applicant's historical performance with federal funding  
12 partner contracts *or other public or private funding sources* and  
13 the strength of its fiscal controls.

14 (2) The office shall prioritize funding for applications that best  
15 meet the factors listed in paragraph (1) and give preference to  
16 applications that propose new or enhanced services to underserved  
17 business groups, including women, minority, and veteran-owned  
18 businesses, and businesses in low-wealth, rural, and  
19 disaster-impacted communities included in a state or federal  
20 emergency declaration or proclamation.

21 (i) State funds provided pursuant to the program shall be used  
22 to expand consulting and training services through existing and  
23 new centers, including satellite offices. State funds provided  
24 pursuant to the program shall not supplant nonstate local cash  
25 match dollars included in a federal small business technical  
26 assistance center's plan described in subparagraph (A) of paragraph  
27 (2) of subdivision ~~(f)~~. *(f) or in any nonfederal small business*  
28 *technical assistance center's plan.*

29 (j) (1) *Subject to appropriation of the necessary funds by the*  
30 *Legislature, a supplemental grant program designated as the Small*  
31 *Business Retention Program shall be established by the office to*  
32 *provide grants as described in this subdivision. Eligible applicants*  
33 *shall be a small business technical assistance center.*

34 (2) *The purpose of the Small Business Retention Program is to*  
35 *support the retention of small businesses by leveraging the state's*  
36 *economic development and small business technical assistance*  
37 *providers.*

38 (3) *Grant funding shall do both of the following:*

39 (A) *Support regional and local small business retention*  
40 *programs.*



1 (B) *Expand the network of small business technical assistance*  
2 *centers that collectively contribute their on-the-ground experience*  
3 *to an early warning system to alert the office and other state,*  
4 *federal, and local partners of trending business challenges and*  
5 *individual negative business outcomes.*

6 (4) *The office shall prioritize funding for applications that meet*  
7 *the same preferences as identified in paragraph (2) of subdivision*  
8 *(h).*

9 (5) *Grantees shall report processes and outcomes consistent*  
10 *with the California Small Business Technical Assistance Expansion*  
11 *Program of 2018.*

12 ~~SECTION 1. Section 12098.9 is added to the Government~~  
13 ~~Code, to read:~~

14 ~~12098.9. (a) There is hereby established within the office a~~  
15 ~~California Business Retention Program in order to support the~~  
16 ~~retention of small businesses by leveraging the state's economic~~  
17 ~~development and small business technical assistance providers.~~

18 ~~(b) The program shall include all of the following:~~

19 ~~(1) Grant funding to support regional and local business~~  
20 ~~retention programs.~~

21 ~~(2) Establishment of an early warning system for network~~  
22 ~~partners to alert the Governor's Office of Business and Economic~~  
23 ~~Development and other state, federal, and local partners of trending~~  
24 ~~business challenges and individual negative business outcomes.~~

25 ~~(3) (A) Eligible applicants include federally and state designated~~  
26 ~~small business technical assistance providers, chambers of~~  
27 ~~commerce, economic development nonprofits, and local~~  
28 ~~governments.~~

29 ~~(B) Applicants serving historically underserved business owners~~  
30 ~~and low-income neighborhoods shall be given priority.~~

31 ~~(c) The office shall publish an annual report on its internet~~  
32 ~~website regarding the program, and notify the Legislature when~~  
33 ~~the report is available.~~