

Date of Hearing: August 4, 2020

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE
ECONOMY

Sabrina Cervantes, Chair

SB 1457 (Borgeas) – As Amended June 18, 2020

SENATE VOTE: 39-0

SUBJECT: State regulatory action: reduction or waiver of civil penalties

POLICY FRAME: Although the state has a vigorous public process designed to allow a rulemaking agency to fully consider the comments, suggestions, and economic impacts of proposed regulations on all business, state agencies are often unable to accurately assess the cost and complexity of the proposed implementation method on varying sized businesses. An intrinsic challenge to California's rule making process is that those businesses that may be most affected have the least ability to monitor the broad range of state rulemaking entities, recommend appropriate alternative implementation models, or engage meaningfully in the often complex and highly technical rule making proceedings.

These challenges can result in small businesses inadvertently breaking laws and being fined, sometimes significant amounts of money. While ignorance of the law is no excuse, the state bears some level of responsibility for assisting the state's smallest businesses and ensuring penalties are justifiably applied. This bill proposes a method used in federal law since the 1990s for mediating fines and penalties when a small business has taken the corrective action and the violation was not willful, criminal, or posed an imminent health, safety, or environmental threat.

The policy analysis includes information on the California small business economy, studies on the cost of federal and state regulations, and other background on the small business regulatory program being proposed in this bill. While the bill is supported by a number of organizations, including the California Manufacturers and Technology Association and local chambers of commerce, SB 1457 has also received several letters of opposition. Concerns raised in opposition letters submitted by the California Employment Lawyers Association and the California Nurses Association are provided in Comment 5. Suggested amendments, which have previously been shared with the author, are included in Comment 7.

SUMMARY: SB 1457 requires a state agency, as defined, to assist small businesses in complying with statutes and regulations and to establish a policy that sets the parameters under which the agency can reduce or waive certain civil penalties conferred on a small business, as defined. Specifically, this bill:

- 1) Requires a state agency to assist small businesses in complying with statutes and regulations of the agency. This requirement may be met by meeting an existing requirement to have a designated and active small business liaison.
- 2) Requires the state agency to assist a small business during an enforcement action by the agency.
- 3) Requires the state agency to establish a policy by January 1, 2022, to provide for the reduction or waiver of civil penalties for violations of regulatory or statutory requirements by

a small business. The bill limits the application of this policy to only those small businesses which meet certain specified criteria.

- a) To qualify for a penalty reduction:
 - i) The violation by the small business did not involve willful or criminal conduct.
 - ii) The violation by the small business did not pose an imminent threat to health, safety, or the environment.
 - iii) The small business had a low degree of culpability when its conduct is judged in light of its size, length of operation, and the sophistication of its owners or managers.
 - b) When all three of the circumstances described above are met, the policy is to provide guidance to the state agency on the factors that will be considered when reducing or waiving civil penalties. These factors include, but are not limited to:
 - i) The degree to which the small business cooperated with the investigation.
 - ii) The degree to which the small business made corrective actions.
 - iii) The prior history of the small business in meeting regulatory requirements of the agency.
 - iv) The degree to which the level of the penalty would impede the small business from continuing to conduct business.
- 4) Authorizes a state agency to amend the policy from time to time to reflect current issues and conditions affecting small businesses and the economy.
 - 5) Requires public posting of the policies and annual reports about civil penalty reductions to allow for transparency of the new policy.
 - 6) Requires the state agency to notify the Office of the Small Business Advocate within 15 working days of certain actions being undertaken by the agency relative to the implementation of this act, including the adoption or amendment of the policy and the posting or removal of information on the use of the policy being posted on the state agency's website.
 - 7) Defines "state agency" to include any state agency, department, board, or commission that has significant rulemaking authority over small businesses while excluding the Franchise Tax Board, the Department of Tax and Fee Administration or the Board of Equalization.
 - 8) Defines "small business" as a business that is independently owned and operated, not dominant in its field, has fewer than 100 employees, and has average annual gross receipts of \$15 million or less over the previous three years.
 - 9) Conditions implementation of this bill on the Legislature taking the additional step of approving a specified appropriation.

EXISTING FEDERAL LAW – THE SMALL BUSINESS REGULATORY ENFORCEMENT FAIRNESS ACT:

- 1) Requires federal agencies to take definitive steps, consistent with objectives of the rule and applicable statutes, to scale regulatory requirements to the businesses, organizations, and

governmental jurisdictions subject to regulation. Among other actions, federal agencies are required to:

- a) Implement a penalty reduction policy for small businesses.
 - b) Be responsive to small business inquiries about compliance with the agency's regulations.
 - c) Produce Small Entity Compliance Guides for certain rules.
 - d) Submit final rules to the US Congress for review.
 - e) Involve small businesses in the development of some proposed rules through Small Business Advocacy Review Panels.
- 2) Requires federal agencies to submit several annual reports on the reduction and waiver of civil penalties. The most recent report requires reporting on:
- a) The number of enforcement actions in which a civil penalty was assessed.
 - b) The number of enforcement actions in which a civil penalty is assessed against a small entity.
 - c) The number of enforcement actions in which the civil penalty is reduced or waived.
 - d) The total monetary amount of the reductions or waivers.
- 3) Requires federal agencies to establish a policy or program to provide for the reduction, and under appropriate circumstances for the waiver, of civil penalties for violations of a statutory or regulatory requirement by a small entity. Under appropriate circumstances, an agency may consider the ability to pay in determining penalty assessments on small entities.
- 4) Authorizes a federal agency to exclude from the penalty reduction program a small entity that has been subject to multiple enforcement actions by the agency, a violation involving willful or criminal conduct, and a violation that pose serious health, safety, and environmental threats.

EXISTING STATE LAW:

- 1) Finds and declares that there has been an unprecedented growth in the number of administrative regulations in recent years and that correcting the resulting problems requires the direct involvement of the Legislature, as well as that of the executive branch of the state government. Further, statute finds and declares that the complexity and lack of clarity in many regulations put small businesses, which do not have the resources to hire experts to assist them, at a distinct disadvantage.
- 2) Establishes the Office of the Small Business Advocate (OSBA) within the Governor's Office of Business and Economic Development (GO-Biz), to serve, among other things, as the principal advocate in the state on behalf of small businesses, including, but not limited to, advisory participation in the consideration of all legislation and administrative regulations that affect small businesses. The OSBA is also charged with, among other duties:
 - a) Representing the views and interests of small businesses before other state agencies whose policies and activities may affect small business.

- b) Receiving and responding to complaints from small businesses concerning the actions of state agencies and the operative effects of state laws and regulations adversely affecting those businesses.
 - c) Counseling small businesses on how to resolve questions and problems concerning the relationship of small business to state government.
- 3) Establishes the position of the small business liaison within each state agency that significantly regulates small business or that significantly affects small business. The small business liaison's role is to assist small businesses in understanding and complying with agency rules and regulations. The small business liaison is, however, prohibited from intervening in any pending investigation or enforcement action, or advocating for or against the adoption, amendment, or repeal of any regulation.

FISCAL EFFECT: Unknown. Amendments taken in the Senate Committee on Appropriations state: "This chapter shall become operative only upon the Legislature making an appropriation to implement the provisions of this chapter."

COMMENTS & CONTEXT:

- 1) **Small Businesses and Coronavirus:** Economic developers, finance professionals, and even the Office of the Legislative Analyst agree that small businesses have been particularly impacted by the coronavirus pandemic. According to a national survey and separate report on the impacts of COVID-19 on small and medium size businesses, both published by McKinsey in April 2020:
- a) 70% of businesses are delaying purchases, reducing current spending, and holding back on making major investments. [*While not an unexpected outcome, this level of delayed spending has significant multiplier effects as its impacts move throughout the economy.*]
 - b) 50% of workers at small businesses with less than 100 employees are at risk of losing their jobs due to the pandemic. This represents over 2.2 million workers. This is a higher percentage of job losses than those projected for larger private sector employers.
 - c) 40% of the vulnerable small business jobs fall within two occupational categories: food service and customer service and sales.
 - d) 60% of the vulnerable small business jobs do not require a four-year degree, meaning that displaced workers will likely not have formally recognized skills to help them get their next job.
 - e) 55% of businesses felt that the economic impacts of the coronavirus were going to last over one year, with 29% responding the impacts were going to be felt for three years.
 - f) 25% of businesses said they would be filing for bankruptcy within six months.

The McKinsey report ranks California among the top states in which small businesses are and will be impacted by the COVID-19 emergency. The report finds that 92% of workers in small businesses engaged in the accommodation and food sectors are at risk. For workers at small construction firms, the report states that 54% are vulnerable, which is still a significant impact. Regulatory relief is one piece of a broader set of policies to support small businesses.

SB 1457 authorizes the adoption of a second and supplementary review of discretionary civil penalties on small businesses to ensure, in these difficult economic times, that financial penalties associated with minor infractions do not lead to bankruptcies. Nothing in the bill lowers any regulatory standard or lessens the authority of the rulemaking agency to make mission-driven decisions.

- 2) **The Role of Small Businesses within the California Economy:** California's dominance in many economic areas is based, in part, on the significant role small businesses play in the state's \$3.1 trillion economy. Two separate studies, one by the US Census Bureau and another by the Kaufman Foundation, found that net job growth was strongest among businesses with less than 20 employees. Among other advantages, small businesses are crucial in the state's international competitiveness and are an important means for dispersing the economic positive impacts of trade within the California economy.
- In 2017 (most recent full set of data), of the 4.1 million firms in California, there were 3.3 million nonemployer firms as compared to 763,803 employer firms.
 - Total revenues for nonemployer sole proprietorships, across all industry sectors, were \$118 billion in receipts in 2017.
 - Businesses with less than five employees are classified as microenterprises. In 2017, there were 473,641 microenterprises which had one or more employees.
 - Microenterprises, including both nonemployer and up-to-5-employee businesses, comprise the single largest segment of the California business community, representing 92.9% (3.8 million) of all businesses in the state.

The chart below displays 2017 data (most recent full set of data) on California employer businesses, including payrolls, employment, and number of firms, which may be comprised of one or more establishments.

California Employer Businesses by Size (2017)				
Enterprise Employment Size	Number of Firms	Number of Establishments	Employment	Annual Payroll
0-4	473,641	474,301	737,168	\$45.0 billion
<20	676,913	682,756	2,605,213	\$125.5 billion
0-99	743,830	768,456	5,143,522	\$250.5 billion
100-499	13,628	39,757	2,081,423	\$125.0 billion
<500	757,458	808,213	7,224,945	\$375.6 billion
500+	6,345	133,164	7,671,680	\$579.4 billion
Total All Employers	763,803	941,377	14,896,625	\$955.0 billion
<ul style="list-style-type: none"> ▪ An establishment is a single physical location at which business is conducted or performed by one or more paid employees. ▪ A company or enterprise may consist of one or more establishments. ▪ An establishment with 0 employment is an establishment with no paid employees in the mid-March pay period but with paid employees at some time during the year. ▪ This series excludes government establishments except for wholesale liquor establishments (NAICS 4248), retail liquor stores (NAICS 44531), federally-chartered savings institutions (NAICS 522120), federally-chartered credit unions (NAICS 522130), and hospitals (NAICS 622). 				
Source: US Census, SUSB Series				

Excluding sole proprietorships, businesses with less than 20 employees comprise over 88.6% of all businesses and employ approximately 17.4% of all workers. Businesses with less than 100 employees represent 97.3% of all businesses and employ 34.5% of the workforce.

Microenterprises have many unique features and provide important benefits to local communities, according to a recent study from the Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD) at the Aspen Institute. These benefits include:

- Providing products and services tailored to meet local and neighborhood needs.
- Stimulating an inflow of revenues to and within local communities.
- Serving as catalysts for neighborhood reengagement.
- Revitalizing neighborhoods that may otherwise have vacant storefronts.
- Providing role models and support for future entrepreneurs.

These non-employer and small employer firms create jobs, generate taxes, support important industry sectors, and revitalize communities. While their small size allows them to be more flexible in meeting niche foreign and domestic market needs, it also results in certain market challenges. These challenges include having difficulty in meeting the procedural requirements of the state's complex regulatory structure and the traditional credit and collateral requirements of mainstream financial institutions. Specialized technical assistance, access to credit enhancements, and targeting of state procurement activities help many small businesses overcome or at least minimize these difficulties.

- 3) **State Small Business Liaison:** The small business liaison position was established in 2006 to assist small businesses in complying with state regulations [*AB 657 (Cunningham), Chapter 81, Statutes of 2006*]. Existing state law requires each agency that significantly regulates or affects small businesses to designate a small business liaison, who is responsible for receiving and responding to complaints submitted by small businesses, providing technical assistance, and assisting small businesses in resolving problems and questions regarding compliance with the agency's regulations.

While outreach and technical assistance is useful, the state small business liaison is prohibited from intervening or assisting a small business during a pending investigation or enforcement action. Once an enforcement action is initiated by an agency, the small business is left to their own devices to successfully navigate the process, which includes accessing or requesting any special small business provisions the agency may have included within its enforcement framework.

At the federal level, a small business involved in regulatory action may call on the Small Business Administration's Office of the National Ombudsman (ONO) or ask for relief from a regional Small Business Regulatory Fairness Board. In 2018, the ONO intervened on behalf of 347 small businesses. According to the ONO's annual report, in many instances, ONO's intervention resulted in positive outcomes for small businesses in the form of waived penalties, fine reductions, recovered claims payments, and/or reversals of decisions by federal agencies.

SB 1457 takes a modest step forward in supporting California small businesses by authorizing a state agency to assist a small business during an enforcement action and requiring a second look at discretionary civil penalties with the possibility of having fines reduced.

- 4) **Cost of Regulations on Business:** There are two major sources of data on the cost of regulatory compliance on businesses: the federal Small Business Administration (SBA) and the OSBA. While their work was conducted several years ago, the information is still illustrative of the financial disparities regulations place on small versus large businesses.

The federal SBA has conducted a number of peer reviewed studies analyzing the cost of federal government regulations on businesses of different sizes. This research consistently shows that small businesses continue to bear a disproportionate share of the federal regulatory burden. On a per employee basis, it costs about \$2,400, or 45% more, for small firms to comply with federal regulations than their larger counterparts.

The first and only study on the impact of California regulations on small businesses was released by the OSBA in 2009. This first-in-the-nation study found that the total cost of regulations to small businesses averaged about \$134,000 per business in 2007. Of course, no one would advocate that there should be no regulations in the state. The report, however, importantly identifies the significant cost regulations add to the everyday operations of California businesses and should therefore be a consideration among the state's economic development policies.

Many small businesses in California will need to make extreme changes to survive the economic impact of the COVID-19 pandemic. These changes range from fundamentally changing business models, protecting the health and safety of employees and customers, and investing in ecommerce online technologies, to name only a few. Achieving all of this will come at a much larger relative cost to small businesses and will be especially difficult for small businesses that were already operating on thin profit margins.

SB 1457 allows state agencies to adopt small business fine reduction policies, but prohibits reducing or waiving fines for violations which were willful, criminal, or would pose an imminent threat to health, safety, or the environment. Suggested committee amendments would further strengthen this list of prohibitions by excluding fines associated with serious health and safety violations from the new policy and requiring that negligence be a mandatory factor considered in determining any fee reductions.

- 5) **Opposition to the Bill:** Concerns have been raised by the California Nurses Association (CNA) and the California Employment Lawyers Association (CELA), both of which have submitted letters of opposition to SB 1457. According to CELA, the bill "seeks to create an overly broad exception for small businesses that have violated labor, health, safety, or environmental statutes and regulations... Take for instance an employer who simply decides not to provide a worker with a wage statement. That employer may not be acting willfully, it may not pose 'imminent threat,' and the employer may be less experienced and sophisticated as a business owner. Nevertheless, by not keeping adequate records of time worked and wages owed, the employer could be underpaying the worker and both the worker and employer may not even realize it for months or years. Not only would that impact the worker losing money that they earned, without time and pay records, the worker would have a very

difficult time enforcing their claim for unpaid wages and determining just how much they are owed.”

“Additionally,” CELA writes, “the Labor Code in many instances already takes into account whether the employer’s conduct was ‘willful’ or unintentional in assessing penalties. For instance, waiting time penalties will be imposed under Labor Code section 203 only for the ‘willful’ failure to pay all wages due upon the separation of employment. Section 210 provides a \$100 penalty for a ‘failure to pay’ an employee or a \$200 penalty plus 25 percent of the amount unlawfully withheld if the violation is ‘willful or intentional.’ Thus, a policy to further assess or reassess the employer’s intent or degree of culpability is unnecessary and will only create confusion and inconsistency.”

CNA’s position aligns with that of CELA, while also raising a concern over the time agencies would spend implementing the bill. “CNA asserts that it is inappropriate to let any business off the hook for lawfully imposed penalties. Furthermore, under SB 1457, state agencies will spend their time and resources on an unnecessary bureaucratic process instead of protecting the health and safety of workers, families, and communities in California.”

- 6) **How the Bill Works:** SB 1457 establishes a process to stop a low-level infraction from turning into the financial ruin of a small business. In accomplishing this, the bill retains the power and expertise of the rulemaking agency in setting the appropriate considerations to offer financial or administrative relief.

The bill requires each state agency to adopt its own penalty reduction policy for non-serious civil violations by small businesses. While the bill sets threshold criteria and minimum factors to consider when reducing fines, each agency has the discretion to adapt this limited statutory framework to fit within the agency’s mission and other statutory requirements.

As an example, if the action related to the penalty was willful, criminal, or posed an imminent health, safety, or environmental threat, the penalty is not eligible for a reduction under this bill. Further, only those small businesses which, in the determination of the rulemaking agency, had a low degree of culpability or fault may have the penalty reduction policy applied.

The actual amount of the penalty reduction is also determined by each state agency, based on a rudimentary set of statutory factors. These factors include whether the small business was cooperative, corrected the problem, and has had any prior history of noncompliance. The agency is also required to consider the financial value of the penalty and its impact on the viability of a business. Nothing in the bill, however, limits an agency from adding other factors or setting conditions relevant to the agency’s mission, purpose, and existing regulatory scheme.

California’s regulatory environment is complex and in many cases costly. SB 1457 provides appropriate new discretionary power to a rulemaking agency to take another look at penalties assessed to small businesses and, where appropriate, reduce fines while also ensuring compliance.

- 7) **Proposed Amendments:** Below is a list of amendments the committee members may wish to review when considering the bill. The author has agreed to these amendments.

- a) Delete the requirement for state agencies to assist small businesses during an enforcement actions.
 - b) Clarify that the civil penalties eligible to be reduced or waived are only those penalties in which the state agency has the discretion to set the financial value or penalty.
 - c) Replace the word “imminent” with the word “serious” in the provision relating to health, safety, and environmental threats.
 - d) Clarify that a state agency is authorized to adopt guidelines, regulations, directives, or other administrative documents appropriate to implement the bill.
 - e) Authorize a state agency to apply conditions to the reduction or waiver of penalties, such as requiring the small business to take certain corrective actions or attend specified training.
 - f) Delete the provision that required the state agency to determine whether the small business had a “low degree of culpability when its conduct is judged in light of its size, length of operation, and the sophistication of its owners or managers.” This amendment is based on feedback from state agencies that this determination may be difficult to make.
 - g) Include “negligence” in the list of factors the state agency is required to consider when determining a reduction in fines.
 - h) Make other clarifying changes consistent with the intent of the bill.
- 8) **Similar Legislation:** SB 1457 is substantially similar to AB 912 (Obernolte) and AB 1545 (Obernolte), both of which passed the Assembly Jobs Committee in 2017 and 2019, respectively. These measures were held on the Assembly Committee on Appropriations’ Suspense File.

SB 1457 was amended in the Senate Committee on Appropriations to limit implementation to an appropriation by the Legislature. The author will be requesting the Assembly Jobs Committee to provide further amendments related to its funding and implementation.

- 9) **Related Legislation:** Below is a list of bills from the current and prior sessions.
- a) ***AB 19 (Chang) Small Business Regulatory Review:*** This bill would have required the Governor’s Office of Business and Economic Development, in consultation with the Office of the Small Business Advocate, to establish a process for the ongoing review of existing regulations. The bill would have required the review to be primarily focused on regulations affecting small businesses adopted prior to January 1, 2016, to determine whether the regulations could be less administratively burdensome or costly to affected sectors. Status: Held on the Suspense File of the Assembly Committee on Appropriations, 2015.
 - b) ***AB 86 (Calderon) Entrepreneurship in Residence:*** This bill would have established the Entrepreneurs in Residence Act of 2017 for the purpose of utilizing the expertise of private-sector entrepreneurs to help make state government activities and practices more streamlined and accessible. Status: Held on the Suspense File of the Senate Committee on Appropriations, 2017.

- c) ***AB 419 (Kim) Online Regulatory Access***: This bill would have required the Governor's Office of Business and Economic Development to create a web-access point on its Internet website to include information about the state rulemaking process and a web-link to relevant information on the website of the Office of Administrative Law, including, but not limited to, information found in the California Code of Regulations, the California Regulatory Notice Register, and the California Code of Regulations Supplement. Status: Held under submission in the Senate Committee on Business, Professions, and Economic Development. These provisions were implemented administratively.
- d) ***AB 582 (Calderon) Entrepreneur-in-Residence Act of 2016***: This bill would have enacted the Entrepreneur-in-Residence (EIR) Act of 2016, including the establishment of a state EIR program within the Government Operations Agency (GOA) for the purpose of utilizing the expertise of private-sector entrepreneurs to help make state governmental activities and practices more streamlined and accessible. Status: Held under submission in the Senate Committee on Appropriations, 2016.
- e) ***AB 657 (Cunningham) State Government Small Business Liaisons***: This bill requires certain state agencies to prominently display the name and contact information of the small business liaison on the agencies' websites and to notify the Governor's Office of Business and Economic Development and the Department of General Services of liaison position vacancies, as specified. Status: Signed by the Governor, Chapter 81, Statutes of 2017.
- f) ***AB 767 (Quirk-Silva) California Business License Center***: This bill would have formalized the role of the Information Technology Unit within the Governor's Office of Business and Economic Development (GO-Biz), which is responsible for the design and maintenance of an online Internet platform, called the California Business Development Portal. In addition, the bill would have rebranded the state's permit and licensing application as the California Business License Center and provided dedicated staff to update and expand the California Business Portal. Status: Vetoed by the Governor, 2018.
- g) ***AB 866 (E. Garcia) Small Business Regulatory Fairness Act of 1996***: As passed by JEDE, this bill would have expanded the duties of the Small Business Advocate to include the provision of known information to state rulemaking agencies on small business stakeholder groups which the rulemaking agency could use when disseminating information about proposed new or amended rules. This bill would have also required a state agency that develops a small business compliance guide in partnership with federal agencies, under the federal Small Business Regulatory Fairness Act of 1996 (Public Law 104-121), to notify and provide specified information to the Small Business Advocate within 45 days after the guide becomes available to the public. Status: Used for another policy purpose. The measure failed to move from the Senate Floor, 2016.
- h) ***AB 912 (Oberholte) California Small Business Regulatory Fairness Act***: This bill would have established the California Small Business Regulatory Fairness Act for the purpose of setting the framework by which a small business could be provided with an opportunity to implement a policy to allow the reduction of certain penalties and fees. Status: Died in the Assembly Committee on Appropriations, 2017.
- i) ***AB 1286 (Mayes) California Regulatory Reform Council***: This bill would have established the California Regulatory Reform Council to make reports and

recommendations to the Legislature and the Governor related to the structure, organization, operation, and impact of all levels of state and local regulations on industries operating within the state. Status: Held without further action by the Assembly Committee on Appropriations, 2016.

- j) **AB 1545 (Obernolte) California Small Business Regulatory Fairness Act:** This bill would have established the California Small Business Regulatory Fairness Act for the purpose of setting the framework by which a small business could be provided with an opportunity to implement a policy to allow the reduction of certain penalties and fees. Status: Died on the Suspense File of the Assembly Committee on Appropriations, 2019.
- k) **AB 1675 (Calderon) Entrepreneurship-in-Residence:** This bill would have established the entrepreneur-in-residence program within the Governor's Office of Business and Economic Development for the purpose of improving outreach and strengthening coordination with the entrepreneur and small business community. Status: Died on the Suspense File of the Senate Committee on Appropriations, 2014.
- l) **AB 2723 (Medina) Small Businesses and Major Regulations:** This bill would have added statutory protections to ensure that the costs of major regulations on the state's smallest size businesses are considered when state agencies undertake their economic impact assessment for major regulations. Status: Vetoed by the Governor, 2014. The veto message states: *"This bill would require the economic analysis for major regulations to include a separate assessment of the impact on sole proprietorships and small businesses. I signed legislation in 2011 to require a comprehensive economic analysis of proposed major regulations. The analysis must assess whether, and to what extent, the proposed regulations will affect all California jobs and businesses. Agencies must also identify alternatives that would lessen any adverse impact on small businesses. I am not convinced that an additional layer of specificity based solely on the legal structure of a business would add value to the comprehensive economic analysis already required."*
- m) **AB 3368 (JEDE) Petitions to Amend Regulations by Small Businesses:** This bill would have authorized the California Small Business Advocate and the agency-level Small Business Regulatory Liaisons to issue written comments as to the validity of the petition submitted by a small business to a state agency requesting the adoption, amendment, or repeal of a regulation. Status: Died on the Suspense File of the Assembly Committee on Appropriations, 2020.
- n) **SB 606 (Neilson) Small Business Appeals Board:** This bill would have established the Small Business Appeals Board and authorized the board to grant a hearing and review the order, ruling, action, or failure to act of any state agency upon petition of any small business affected and to grant any remedy or impose any penalty authorized under existing law governing administrative procedures. Status: Died in the Senate Committee on Governmental Organization, 2015.
- o) **SB 617 (Calderon) State Government and Financial and Administrative Accountability:** This bill revises the state Administrative Procedure Act to require each state agency adopting a major regulation to prepare an economic impact analysis and requires state agencies to implement ongoing monitoring of internal auditing and financial controls and other best practices in financial accounting. Status: Signed by the Governor, Chapter 496, Statutes of 2011.

- p) ***SB 828 (Runner) Small Business Appeals Board***: This bill would have established the Small Business Appeals Board and authorized the board to grant a hearing and review the order, ruling, action, or failure to act of any state agency upon petition of any small business affected and to grant any remedy or impose any penalty authorized under existing law governing administrative procedures. Status: Died in the Senate Committee on Business, Professions, and Economic Development, 2011.
- q) ***SB 1228 (Runner) California Small Business Regulatory Fairness Act***: This bill would have established the California Small Business Regulatory Fairness Act for the purpose of setting the framework by which a small business could be provided with an opportunity to implement a policy to allow the reduction of certain penalties and fees. Status: Died on the Suspense File of the Senate Committee on Appropriations, 2016.

REGISTERED SUPPORT / OPPOSITION:

Support

California Manufacturers and Technology Association
El Dorado County Chamber of Commerce
El Dorado Hills Chamber of Commerce
Elk Grove Chamber of Commerce
Folsom Chamber of Commerce
Rancho Cordova Chamber of Commerce
Roseville Chamber of Commerce
United Chamber Advocacy Network
Yuba Sutter Chamber of Commerce

Oppose

California Employment Lawyers Association
California Labor Federation
California Nurses Association
California Rural Legal Assistance Foundation

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