

Introduced by Senator RichardsonFebruary 20, 2025

An act to amend Section 14838 of the Government Code, relating to public contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 656, as introduced, Richardson. Small business procurement contracts.

Existing law, the Small Business Procurement and Contract Act, provides for various programs to encourage the participation of small businesses in state agency contracts, as specified. In order to facilitate the participation of small business in the provision of goods, information technology, and services to the state, and in the construction of state facilities, existing law requires the directors of the Department of General Services and other state agencies that enter those contracts to meet specified requirements.

This bill would make nonsubstantive changes to those provisions.

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

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

- 1 SECTION 1. Section 14838 of the Government Code is
- 2 amended to read:
- 3 14838. In order to facilitate the participation of small business,
- 4 including microbusiness, in the provision of goods, information
- 5 technology, and services to the state, and in the construction,
- 6 including alteration, demolition, repair, or improvement, of state
- 7 facilities, the directors of the department and other state agencies

1 that enter those contracts, each within their respective areas of
2 responsibility, shall do all of the following:

3 (a) Establish a minimum goal of 25 percent procurement
4 participation for small businesses, including microbusinesses, in
5 the provision of goods, information technology, and services to
6 the state, and in the construction of state facilities.

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

12 (1) In solicitations ~~where~~ *in which* an award is to be made to
13 the lowest responsible bidder meeting specifications, the preference
14 to small business and microbusiness shall be 5 percent of the lowest
15 responsible bidder meeting specifications. The preference to
16 nonsmall business bidders that provide for small business or
17 microbusiness subcontractor participation shall be, up to a
18 maximum of 5 percent of the lowest responsible bidder meeting
19 specifications, determined according to rules and regulations
20 established by the Department of General Services.

21 (2) In solicitations ~~where~~ *in which* an award is to be made to
22 the highest scored bidder based on evaluation factors in addition
23 to price, the preference to small business or microbusiness shall
24 be 5 percent of the highest responsible bidder's total score. The
25 preference to nonsmall business bidders that provide for small
26 business or microbusiness subcontractor participation shall be up
27 to a maximum 5 percent of the highest responsible bidder's total
28 score, determined according to rules and regulations established
29 by the Department of General Services.

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

33 (4) The preference under paragraph (1) shall not exceed fifty
34 thousand dollars (\$50,000) for any bid, and the combined cost of
35 preferences granted pursuant to paragraph (1) and any other
36 ~~provision of~~ law shall not exceed one hundred thousand dollars
37 (\$100,000). In bids in which the state has reserved the right to
38 make multiple awards, this fifty-thousand-dollar (\$50,000)
39 maximum preference cost shall be applied, to the extent possible,

1 so as to maximize the dollar participation of small businesses,
2 including microbusinesses, in the contract award.

3 (c) Give special consideration to small businesses and
4 microbusinesses, by both:

5 (1) Reducing the experience required.

6 (2) Reducing the level of inventory normally required.

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

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

17 (f) Make continuous efforts to expand the pool of small
18 businesses and microbusinesses that participate in the department's
19 and other state agencies' contracts by regularly seeking out and
20 identifying small businesses and microbusinesses that have not
21 previously done business with the department or other state agency
22 or that are not regularly used by the department or other state
23 agency, and including those small businesses and microbusinesses
24 in the agency's solicitations.

25 (g) Small business and microbusiness bidders qualified in
26 accordance with this chapter shall have precedence over nonsmall
27 business bidders in that the application of a bidder preference for
28 which nonsmall business bidders may be eligible under this section
29 or any other ~~provision of~~ law shall not result in the denial of the
30 award to a small business or microbusiness bidder. In the event of
31 a precise tie between the low responsible bid of a bidder meeting
32 specifications of a small business or microbusiness, and the low
33 responsible bid of a bidder meeting the specifications of a disabled
34 veteran-owned small business or microbusiness, the contract shall
35 be awarded to the disabled veteran-owned small business or
36 microbusiness. This provision applies if the small business or
37 microbusiness bidder is the lowest responsible bidder, as well as
38 if the small business or microbusiness bidder is eligible for award
39 as the result of application of the small business and microbusiness
40 bidder preference granted by subdivision (b).

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

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