

AMENDED IN SENATE APRIL 21, 2025  
AMENDED IN SENATE MARCH 25, 2025

**SENATE BILL**

**No. 656**

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**Introduced by Senator Richardson**

February 20, 2025

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An act to amend Sections ~~11148, 11148.5, and 12098.4 of, 11148 and 11148.5 of~~, and to add Section 11149 to, the Government Code, to amend Sections ~~999, 999.1, 999.2, 999.5, 999.12, and 1104 of the Military and Veterans Code, and to amend Sections 10115, 10115.13, 10115.15, and 10471 of, and to add Section 10471.5 to, the Public Contract Code, relating to business.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 656, as amended, Richardson. ~~Small businesses, disabled veteran enterprises, and minority business enterprises. *business: small business liaison.*~~

Existing law establishes the Office of Small Business Advocate within the Governor's Office of Business and Economic Development to advocate for causes of small businesses and to provide small businesses with the information they need to survive in the marketplace. ~~Existing law marketplace and requires the Governor to appoint a Small Business Advocate, and requires the advocate, among other duties, to 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 specified state agencies to assist minority and other small business enterprises. Existing law requires each agency of the state to furnish to the advocate the reports, documents, and information that are public records and that the advocate deems necessary to carry out the advocate's functions. *Advocate.*~~

~~This bill would require only an agency under the direct authority of the Governor to furnish to the advocate those reports, documents, and information, and would require an agency under the direct authority of another elected statewide constitutional officer to provide those reports, documents, and information to either the advocate or to the Legislature, as provided.~~

Executive Order No. S-02-06 establishes a 25% small business participation goal for the state's procurement and contracting processes. Existing law requires a state agency that significantly regulates small business or that significantly impacts small business to designate at least one person to serve as a small business liaison. Existing law requires the small business liaison to be responsible for specified duties relating to interactions between the state agency and small businesses, including assisting the agency secretary, department director, or executive officer of the state agency in ensuring that the procurement and contracting processes of the state agency are administered in order to meet or exceed the 25% 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.

This bill would require all state agencies to designate at least one person to serve as a small business liaison. ~~The bill would revise the duty described above to instead require the small business liaison to assist the agency secretary, department director, or executive officer in ensuring that the procurement and contracting processes of the state agency are administered properly.~~ The bill would also require a small business liaison to annually submit certain information to the advocate, including a list of all current contracts between the state agency and a small business, all contracts of the state agency that include a subcontract with a small business, and the total dollar amount paid to a small business under those contracts or subcontracts. The bill would require the advocate to post the information on its internet website.

~~Existing law requires a state agency, department, officer, or other state governmental entity to meet an annual statewide participation goal of not less than 3% for disabled veteran business enterprises for specified contracts entered into by the awarding department during the year.~~

~~This bill would increase that participation goal to 5%.~~

~~Existing law requires that certain contracts awarded by the Secretary of the Department of Corrections and Rehabilitation or the Director of the Youth Authority have annual statewide participation goals of not~~

~~less than 15% for minority business enterprises and 5% for women business enterprises.~~

~~This bill would expand the annual statewide participation goal for minority business enterprises to all contracts awarded by any state agency, department, officer, or governmental entity for construction, professional services, materials, supplies, equipment, alteration, repair, or improvement. The bill would also increase the participation goal for minority business enterprises to 25%.~~

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 11148 of the Government Code is  
2 amended to read:

3 11148. (a) It is the intent of the Legislature in enacting this  
4 article to assist small businesses in this state in complying with  
5 regulatory standards designed to protect the public.

6 (b) It is the further intent of the Legislature:

7 (1) That, to improve compliance results, information be provided  
8 by regulatory agencies by printed material or electronically,  
9 including at each agency's internet website, to all small businesses,  
10 as defined for that purpose, that would state in clear, plain language  
11 the actions required to comply with the regulation.

12 (2) That each agency designate at least one individual to serve  
13 as the small business liaison with the role and responsibility of  
14 ~~ombudsman~~ *ombudsperson* for that agency.

15 SEC. 2. Section 11148.5 of the Government Code is amended  
16 to read:

17 11148.5. (a) A state agency shall designate at least one person  
18 who shall serve as a small business liaison. The agency shall utilize  
19 existing personnel and resources to perform the duties of small  
20 business liaison.

21 (b) A state agency shall widely publicize the position of small  
22 business liaison in appropriate agency publications and by  
23 prominently displaying the name and contact information of the  
24 small business liaison on the agency's website if the agency has  
25 a website.

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

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

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

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

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

13 (5) Assisting the agency secretary, department director, or  
14 executive officer, as applicable, in ensuring that the procurement  
15 and contracting processes of the applicable entity are ~~properly~~  
16 ~~administered~~. *administered in order to meet or exceed the*  
17 *25-percent small business participation goal, and developing and*  
18 *sharing innovative procurement and contracting practices from*  
19 *the public and private sectors to increase opportunities for small*  
20 *businesses.*

21 (6) Developing an "economic equity first" action plan and policy  
22 for the agency, which will provide, among other things, direction,  
23 recommendations, and strategies as to how best ensure that small  
24 businesses pursuant to Section 14837, including women-owned,  
25 minority-owned, and LGBTQ-owned businesses, are effectively  
26 involved in, and benefiting from, the procurement process of the  
27 agency. The action plan and policy shall be adopted by January 1,  
28 2024. The action plan shall include, as part of a general outreach  
29 effort to all small businesses, education, outreach, and stakeholder  
30 engagement with representative business organizations and  
31 business enterprises owned by women, minorities, and members  
32 of the LGBTQ community.

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

36 (e) A state agency shall notify the Office of Small Business  
37 Advocate within the Governor's Office of Business and Economic  
38 Development and the Department of General Services of each of  
39 the following:

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

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

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

10 SEC. 3. Section 11149 is added to the Government Code, to  
11 read:

12 11149. (a) The small business liaison for each state agency  
13 shall annually submit the following information to the Small  
14 Business Advocate:

15 (1) A list of all current contracts between the state agency and  
16 a small business and all contracts of the state agency that include  
17 a subcontract with a small business.

18 (2) The total dollar amount of each contract described in  
19 paragraph (1).

20 (3) The total dollar amount paid to a small business under a  
21 contract or subcontract described in paragraph (1).

22 (b) The Small Business Advocate shall post the information  
23 received pursuant to subdivision (a) on its internet website.  
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26 **All matter omitted in this version of the bill**  
27 **appears in the bill as amended in the**  
28 **Senate, March 25, 2025. (JR11)**  
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