

Assembly Bill No. 2376

CHAPTER 458

An act to amend Section 65054.3 of, and to add and repeal Article 2.6 (commencing with Section 14137) of Chapter 2 of Part 5 of Division 3 of Title 2 of, the Government Code, relating to contractors.

[Approved by Governor September 27, 2008. Filed with
Secretary of State September 27, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2376, Price. Small and Emerging Contractors Technical Assistance Program.

Existing law provides that the Department of Transportation shall have full possession and control of all state highways. Existing law establishes the Office of Small Business Advocate and specifies the duties and functions of the office.

This bill would authorize the Department of Transportation, in consultation with the Office of Small Business Advocate, to establish by June 1, 2009, a Small and Emerging Contractor Technical Assistance Program for the purpose of providing training and technical assistance to small contractors, as defined, to improve their ability to secure surety bond guarantees, offered by the federal Small Business Administration, as specified. To cover the cost of providing training under the program, the bill would authorize the department to use up to \$200,000 of state funds if those funds are available to the department and would authorize the department to charge a fee to participants in the program. The bill would repeal these provisions on January 1, 2013.

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

SECTION 1. The Legislature finds and declares all of the following:

(a) With the approval by the voters of Propositions 1B, 1C, 1D, and 1E at the November 7, 2006, statewide general election, the state will be embarking upon a massive public works construction program expansion. In order to expeditiously complete the many construction projects that will be awarded, an increase in the number of construction contractors who are eligible to participate in this construction program is necessary.

(b) Many small contractors are new entrants who are emerging into the field of public works contracting and are also minority-owned, women-owned, and disadvantaged business enterprises that are located in areas of the state that are economically challenged, have higher rates of unemployment, and incomes below the statewide median. Increasing the

participation of small and emerging contractors in public works construction projects will assist economic growth and job creation statewide and in economically targeted areas of the state.

(c) More than 50 percent of small and emerging contractors have difficulty in winning bids for public works construction projects or being included as subcontractors in public works construction contracts because they cannot secure the required surety bonds and liability insurance coverage.

(d) In order to increase small and emerging contractor participation rates in public works contracting and to satisfy state small business contracting participation goals and federal goals for participation of minority-owned, women-owned, and disadvantaged business enterprises, it is in the state's interest to develop a program to provide small and emerging contractors with technical assistance that will give them the knowledge and skills to overcome barriers to securing surety bonds and purchasing liability insurance.

SEC. 2. Article 2.6 (commencing with Section 14137) is added to Chapter 2 of Part 5 of Division 3 of Title 2 of the Government Code, to read:

Article 2.6. Small Business Technical Assistance Act of 2008

14137. (a) The department, in consultation with the Office of Small Business Advocate, may establish a Small and Emerging Contractor Technical Assistance Program. The purpose of the program is to provide training and technical assistance to small contractors to improve their ability to secure surety bond guarantees, offered by the federal Small Business Administration. Surety bond guarantees can assist small contractors in obtaining surety bonds that are necessary to qualify for public works construction projects awarded by state and local governments.

(b) For purposes of this article:

(1) "Program" means the Small and Emerging Contractor Technical Assistance Program.

(2) "Small contractor" means a small business, as defined in paragraph (1) of subdivision (d) of Section 14837 of the Government Code, that is a contractor doing business in this state and is licensed by the Contractors' State License Board pursuant to Article 5 (commencing with Section 7065) of Chapter 9 of Division 3 of the Business and Professions Code.

14137.1. (a) The program shall include small contractor training and technical assistance throughout the state. Training shall be scheduled for locations that are reasonably accessible to people in all areas of the state but are not required to be scheduled in every district of the department.

(b) The department, in consultation with the Office of Small Business Advocate, shall conduct outreach efforts to inform small contractors about the program and recruit them to the training. In conducting outreach activities, the department shall coordinate with its existing outreach efforts for disadvantaged business enterprises. The department shall also consult

with its statewide and district small business councils, statewide and regional contracting and engineering trade groups, and the Department of General Services' Small Business Advisory Council. The department shall also coordinate outreach efforts with the administrators of enterprise zones established pursuant to Chapter 12.8 (commencing with Section 7070) of Division 7 of Title 2.

14137.2. For the purpose of providing training under the program, the department may use up to two hundred thousand dollars (\$200,000) of state funds if those funds are available to the department. The department may charge a fee to program participants not to exceed fifty dollars (\$50) to offset technical assistance counseling in the program.

14137.4. This article shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2013, deletes or extends that date.

SEC. 3. Section 65054.3 of the Government Code is amended to read:

65054.3. (a) The Director of the Office of Small Business Advocate shall be appointed by, and shall serve at the pleasure of, the Governor.

(b) The Governor shall appoint the employees that are needed to accomplish the purposes of Section 65054, this section, and Section 65054.4.

(c) The duties and functions of the advocate shall include all of the following:

(1) Serve 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, and advocacy on state policy and programs related to small businesses on disaster preparedness and recovery including providing technical assistance.

(2) Represent the views and interests of small businesses before other state agencies whose policies and activities may affect small business.

(3) Enlist the cooperation and assistance of public and private agencies, businesses, and other organizations in disseminating information about the programs and services provided by state government that are of benefit to small businesses, and information on how small businesses can participate in, or make use of, those programs and services.

(4) Issue a report every two years evaluating 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.

(5) Consult with experts and authorities in the fields of small business investment, venture capital investment, and commercial banking and other comparable financial institutions involved in the financing of business, and with individuals with regulatory, legal, economic, or financial expertise, including members of the academic community, and individuals who generally represent the public interest.

(6) Determine the desirability of developing a set of rational, objective criteria to be used to define small business, and develop that criteria, if appropriate.

(7) Seek the assistance and cooperation of all state agencies and departments providing services to, or affecting, small business, including the small business liaison designated pursuant to Section 14846, to ensure coordination of state efforts.

(8) Receive and respond to complaints from small businesses concerning the actions of state agencies and the operative effects of state laws and regulations adversely affecting those businesses.

(9) Counsel small businesses on how to resolve questions and problems concerning the relationship of small business to state government.

(10) Maintain, publicize, and distribute an annual list of persons serving as small business ombudsmen throughout state government.

(11) Consult with the Department of Transportation in the development and administration of the Small and Emerging Contractor Technical Assistance Program established pursuant to Article 2.6 (commencing with Section 14137) of Chapter 2 of Part 5 of Division 3 of Title 2.