

AMENDED IN ASSEMBLY MAY 1, 2013  
AMENDED IN ASSEMBLY MARCH 21, 2013  
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1098**

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**Introduced by Assembly Member Quirk-Silva**  
*(Coauthors: Assembly Members Fox and Medina)*

February 22, 2013

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An act to add Section 12098.7 to the Government Code, relating to small business.

LEGISLATIVE COUNSEL'S DIGEST

AB 1098, as amended, Quirk-Silva. Office of Small Business Advocate: regulations: report.

Existing law creates the Office of Small Business Advocate within the Governor's Office of Business and Economic Development. Existing law establishes the duties and functions of the advocate, which include advisory participation in the consideration of all legislation and administrative regulations that effect small businesses.

This bill would require the advocate to commission a study, to be conducted every five years, of the costs of state regulations on small businesses, as specified, and to convene ~~a small business advisory committee, representing a cross section of the small business community,~~ *one or more stakeholder meetings* to provide advice on the study. The bill would require that the study, upon completion and including recommendations, be ~~submitted to the Department of Finance, the Speaker of the Assembly, the Senate President pro Tempore, and specified legislative committees.~~ *posted on the advocate's Internet Web site. This bill would require the advocate to notify the Department of*

*Finance, at least 30 days prior to commissioning the study, that sufficient funds are available from a non-General Fund source.*

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. The Legislature hereby finds and declares:

2 (a) Small business remains the backbone of the state’s economy.  
3 Regulatory burdens and costs continue to be one of the major  
4 complaints of small businesses.

5 (b) The federal Small Business Administration began analyzing  
6 the cost and burdens of federal regulations on small businesses in  
7 1995. A recent report found that the annual cost of federal  
8 regulations in the United States totaled \$1.75 trillion. It also found  
9 the costs of federal regulations on firms with fewer than 20  
10 employees was \$10,585 in 2010. For small businesses, the  
11 regulatory and paperwork costs were found to be more burdensome  
12 for the small firms than larger firms.

13 (c) Small businesses significantly impact California’s economy.  
14 They represent 99.2 percent of all employers and employ 50.4  
15 percent of the private-sector labor force. Small businesses are  
16 crucial to the fiscal condition of the state and numbered 3.5 million  
17 in 2010.

18 (d) The state does not have a current analysis on state regulatory  
19 costs similar to that created for federal regulatory costs.  
20 Understanding the financial effect of state regulations would help  
21 policymakers reduce or design more cost-effective regulatory  
22 approaches that achieve desired policy objectives while placing  
23 the least burden on the regulated industries.

24 SEC. 2. Section 12098.7 is added to the Government Code, to  
25 read:

26 12098.7. The advocate shall do all of the following:

27 (a) Commission a study, to be conducted every five years, of  
28 the costs of state regulations on small businesses, which shall,  
29 among other things, do all of the following:

30 (1) Parallel, to the extent feasible and practical, the scope and  
31 study on the impact of regulatory costs on small firms conducted  
32 by the federal Small Business Administration.

1 (2) Examine successful models from other states on identifying  
2 regulatory costs and developing potential alternative approaches  
3 that meet the same regulatory objectives, but are less burdensome  
4 on small businesses.

5 (b) Convene a small business advisory committee *one or more*  
6 *stakeholder meetings* to provide advice on the study required  
7 pursuant to subdivision (a). The ~~committee~~ *stakeholders* shall  
8 include, but not be limited to, representatives from small business  
9 associations representing a cross section of the small business  
10 community.

11 (c) ~~(1)~~ No later than January 1, 2015, and every five years  
12 thereafter, ~~submit~~ *post* the completed study required pursuant to  
13 subdivision (a), including recommendations, ~~to the Department of~~  
14 ~~Finance, the Speaker of the Assembly, the Senate President pro~~  
15 ~~Tempore, the chair of the Assembly Committee on Jobs, Economic~~  
16 ~~Development, and the Economy and the chair of the Senate~~  
17 ~~Committee on Government Modernization, Efficiency and~~  
18 ~~Accountability.~~

19 ~~(2)~~ The report to be provided pursuant to paragraph (1) shall be  
20 submitted in compliance with Section 9795 of the Government  
21 Code. *on the advocate's Internet Web site and the advocate shall*  
22 *provide notice to the Department of Finance, the Speaker of the*  
23 *Assembly, the Senate President pro Tempore, the chair of the*  
24 *Assembly, Committee on Jobs, Economic Development, and the*  
25 *Economy, and the chair of the Senate Committee on Government*  
26 *Modernization, Efficiency and Accountability, that information is*  
27 *publicly available. The study shall remain available on the Internet*  
28 *Web site at least until the next study is posted.*

29 (d) For the purposes of the study, information shall be provided  
30 based on nonemployer businesses, businesses with five or fewer  
31 employees, businesses with 99 or fewer employees, businesses with  
32 499 or fewer employees, and businesses with more than 500  
33 employees.

34 (e) Prior to commissioning the study, the advocate shall  
35 determine that sufficient funds to conduct the study are available  
36 from a non-General Fund source. At least 30 days prior to  
37 commissioning the study, the advocate shall notify the Department  
38 of Finance that the advocate has determined that sufficient funding  
39 is available and that the advocate will commission the study.

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