

AMENDED IN SENATE JULY 9, 2013
AMENDED IN ASSEMBLY MAY 1, 2013
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1098

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

February 22, 2013

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~~ *affect* 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 one or more stakeholder meetings to provide advice on the study. The bill would require that the study, upon completion and including recommendations, be 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.

33 (2) Examine successful models from other states on identifying
34 regulatory costs and developing potential alternative approaches

1 that meet the same regulatory objectives, but are less burdensome
2 on small businesses.

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

8 (c) No later than January 1, 2015, and every five years thereafter,
9 post the completed study required pursuant to subdivision (a),
10 including recommendations on the advocate's Internet Web site
11 and the advocate shall provide notice to the Department of Finance,
12 the Speaker of the Assembly, the Senate President pro Tempore,
13 the Chair of the Assembly, Committee on Jobs, Economic
14 Development, and the Economy, and the chair of the Senate
15 Committee on ~~Government Modernization, Efficiency and~~
16 ~~Accountability~~, *Business, Professions and Economic Development*
17 that information is publicly available. The study shall remain
18 available on the Internet Web site at least until the next study is
19 posted.

20 (d) For the purposes of the study, information shall be provided
21 based on nonemployer businesses, businesses with five or fewer
22 employees, businesses with 99 or fewer employees, businesses
23 with 499 or fewer employees, and businesses with more than 500
24 employees.

25 (e) Prior to commissioning the study, the advocate shall
26 determine that sufficient funds to conduct the study are available
27 from a non-General Fund source. At least 30 days prior to
28 commissioning the study, the advocate shall notify the Department
29 of Finance that the advocate has determined that sufficient funding
30 is available and that the advocate will commission the study.

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