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AMENDED IN SENATE MARCH 25, 1998
AMENDED IN ASSEMBLY MAY 15, 1997
AMENDED IN ASSEMBLY MAY 5, 1997
AMENDED IN ASSEMBLY APRIL 15, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 835

Introduced by Assembly Member Wright

February 27, 1997

An act to amend Sections 4533, 4533.1, 4534, 4535.1, 4535.2, and 7084 of, and to add Section 4535.4 to, the Government Code, and to add Chapter 2.7 (commencing with Section 3000) to Part 1 of Division 2 of the Public Contract Code, relating to state contracts.

LEGISLATIVE COUNSEL'S DIGEST

AB 835, as amended, R. Wright. State contracts: *bidder preferences and ~~small and micro business preference incentives.~~*

Existing

(1) Under existing law, in inviting bids for contracts for goods in excess of \$100,000, with a specified exception, the state is required to award a 5% preference to California based companies that certify under penalty of perjury that no less than 50% of the labor required to perform the contract is at a worksite or worksites located in a distressed area or within

an enterprise zone. The 5% preference for a proposal for a services contract in excess of \$100,00 applies if the company certifies that the contract will be performed, at a worksite or worksite in a distressed area. In enterprise zones, the 5% preference for a proposal for a services contract in excess of \$100,000 applies only if the California based company certifies that not less than 90% of the labor required to perform the contract is accomplished at a worksite located in the zone.

Existing law also requires that a specified bidder who agrees to hire persons with a high risk of unemployment is entitled to additional preferences equal to a specified percentage of the work force hired during the period of contract performance up to a maximum of 15% for all preferences. Any business that requests and is given a preference by the state under a false certification and is awarded a contract may be ineligible to transact any business with the state for a period of not less than 3 months and not more than 24 months.

This bill would require the California based company to demonstrate its eligibility for the 5% preference, as specified, and to certify under penalty of perjury the company's eligibility for any additional preference based on its hiring of persons with a high risk of unemployment. The bill would also require that the 5% preference for a services contract in excess of \$100,000 in a distressed area depends on whether the company certifies that not less than 90% of the labor hours required to perform the contract shall be accomplished at an identified worksite or worksites located in the distressed area.

By expanding the scope of the crime of perjury, this bill would impose a state-mandated local program.

The bill would also recast the maximum preference of 15% as a maximum preference and incentive and revise the sanction to prohibit any direct or indirect transaction of business with the state. The bill would also prohibit the state from awarding more than one preference for the same contract.

(2) Existing law requires state agencies to give small businesses, including disabled veteran-owned small businesses, a 5% preference in contracts for construction, the procurement of goods, or the delivery of services.



This bill would require state agencies to provide a 5% preference for small businesses, as defined, and a 10% preference for micro businesses, as defined, as part of the agency's bid evaluation method for every competitive acquisition of goods and services. The bill would require state agencies to provide preference of up to 10% for non-small businesses and non-micro businesses that provide for both small and micro business subcontractor participation, based upon the level of that participation in proportion to the total amount of the contract.

The bill also would authorize state agencies to award a contract for the acquisition of goods or services that has an estimated value of greater than \$2,500, but less than \$50,000, to a small business or a micro business, as specified, and would include various provisions to facilitate promoting the participation of California small and micro businesses in state contracting.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(4) The bill would also provide that specified provisions of this bill shall become effective only if AB 3 and this bill are chaptered and become operative on January 1, 1999.

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 4533 of the Government Code is
2 amended to read:

3 4533. Whenever the state prepares ~~an invitation for~~
4 ~~bid (I.F.B.)~~ a solicitation for a contract for goods in excess
5 of one hundred thousand dollars (\$100,000), except a
6 contract in which the worksite is fixed by the provisions
7 of the contract, the state shall award a 5-percent
8 preference to California based companies who
9 demonstrate and certify under penalty of perjury that no



1 less than 50 percent of the labor required to *manufacture*
2 *the goods and* perform the contract shall be accomplished
3 at ~~a~~ *an identified* worksite or worksites located in a
4 distressed area.

5 *SEC. 2. Section 4533.1 of the Government Code is*
6 *amended to read:*

7 4533.1. Where a bidder complies with the provisions
8 of Section 4533, or the worksite or worksites where at least
9 50 percent of the labor required to perform the contract
10 is within commuting distance of a distressed area, the
11 state shall award a 1-percent preference for bidders who
12 ~~shall agree~~ *certify under penalty of perjury* to hire
13 persons with high risk of unemployment equal to 5 to 9
14 percent of its work force during the period of contract
15 performance; a 2-percent preference for bidders who
16 shall agree to hire persons with high risk of
17 unemployment equal to 10 to 14 percent of its work force
18 during the period of contract performance; a 3-percent
19 preference for bidders who shall agree to hire persons
20 with high risk of unemployment equal to 15 to 19 percent
21 of its work force during the period of contract
22 performance; and a 4-percent preference for bidders who
23 shall agree to hire persons with high risk of
24 unemployment equal to 20 or more percent of its work
25 force during the period of contract performance.

26 *SEC. 3. Section 4534 of the Government Code is*
27 *amended to read:*

28 4534. In evaluating proposals for contracts for services
29 in excess of one hundred thousand dollars (\$100,000),
30 except a contract in which the worksite is fixed by the
31 provisions of the contract, the state shall award a
32 5-percent preference on the price submitted by
33 California based companies who certify under penalty of
34 perjury that ~~they shall~~ *not less than 90 percent of the labor*
35 *hours required to perform the contract shall be*
36 *accomplished at a an identified* worksite or worksites
37 located in a distressed area.

38 *SEC. 4. Section 4535.1 of the Government Code is*
39 *amended to read:*



1 4535.1. A business which requests and is given the
2 preference provided for in Section 4533 or 4534 by reason
3 of having furnished a false certification, and which by
4 reason of such certification has been awarded a contract
5 to which it would not otherwise have been entitled, shall
6 *be subject to all of the following:*

7 (a) Pay to the state any difference between the
8 contract amount and what the state's cost would have
9 been if the contract had been properly awarded;~~and.~~

10 (b) In addition to the amount specified in subdivision
11 (a), be assessed a penalty in an amount of not more than
12 10 percent of the amount of the contract involved;~~and.~~

13 (c) Be ineligible to *directly or indirectly* transact any
14 business with the state for a period of not less than three
15 months and not more than 24 months.

16 Prior to the imposition of any sanction under this
17 chapter, the contractor or vendor shall be entitled to a
18 public hearing and to five days' notice of the time and
19 place thereof. The notice shall state the reasons for the
20 hearing.

21 *SEC. 5. Section 4535.2 of the Government Code is*
22 *amended to read:*

23 4535.2. (a) The maximum preference *and incentive*
24 a bidder may be awarded pursuant to this chapter and
25 any other provision of law shall be 15 percent;~~however.~~
26 *However,* in no case shall the maximum preference *and*
27 *incentive* cost under this chapter exceed fifty thousand
28 dollars (\$50,000) for any bid, nor shall the combined cost
29 of preferences *and incentives* granted pursuant to this
30 chapter and any other provision of law exceed one
31 hundred thousand dollars(\$100,000). In those cases
32 where the 15-percent cumulated preference *and*
33 *incentive* cost would exceed the one hundred thousand
34 dollar (\$100,000) maximum preference *and incentive*
35 cost limit, the one hundred thousand dollar (\$100,000)
36 maximum preference *and incentive* cost limit shall apply.

37 (b) Notwithstanding the provisions of this chapter,
38 small business bidders qualified in accordance with ~~the~~
39 ~~provisions~~ of Section 14838 shall have precedence over
40 nonsmall business bidders in that the application of any



1 bidder preference for which nonsmall business bidders
 2 may be eligible, including the preference contained in
 3 this chapter, shall not result in the denial of the award to
 4 a small business bidder. This ~~provision~~ *subdivision* shall
 5 apply to those cases where the small business bidder is the
 6 lowest responsible bidder, as well as to those cases where
 7 the small business bidder is eligible for award as the result
 8 of application of the 5-percent small business bidder
 9 preference *and incentive*.

10 *SEC. 6. Section 4535.4 is added to the Government*
 11 *Code, to read:*

12 *4535.4. In no case shall a bidder be awarded more than*
 13 *one preference for the same contract as provided in*
 14 *Section 4533, 7084, or 7118.*

15 *SEC. 7. Section 4535.4 is added to the Government*
 16 *Code, to read:*

17 *4535.4. In no case shall a bidder be awarded more than*
 18 *one preference for the same contract as provided in*
 19 *Sections 4533 and 7084.*

20 *SEC. 8. Section 7084 of the Government Code is*
 21 *amended to read:*

22 7084. (a) Whenever the state prepares ~~an invitation~~
 23 ~~for bid~~ *a solicitation* for a contract for goods in excess of
 24 one hundred thousand dollars (\$100,000), except a
 25 contract in which the worksite is fixed by the provisions
 26 of the contract, the state shall award a 5-percent
 27 preference to California-based companies that
 28 *demonstrate and* certify under penalty of perjury that no
 29 less than 50 percent of the labor required to *manufacture*
 30 *the goods and* perform the contract shall be accomplished
 31 at ~~a~~ *an identified* worksite or worksites located in an
 32 enterprise zone.

33 (b) In evaluating proposals for contracts for services in
 34 excess of one hundred thousand dollars (\$100,000), except
 35 a contract in which the worksite is fixed by the provisions
 36 of the contract, the state shall award a 5-percent
 37 preference on the price submitted by California-based
 38 companies that certify under penalty of perjury that not
 39 less than 90 percent of the labor *hours* required to
 40 perform the contract shall be accomplished at ~~a~~ *an*



1 *identified* worksite or worksites located in an enterprise
2 zone.

3 (c) Where a bidder complies with subdivision (a) or
4 (b), the state shall award a 1-percent preference for
5 bidders who ~~shall agree~~ *certify under penalty of perjury*
6 to hire persons living within a targeted employment area
7 or are enterprise zone eligible employees equal to 5 to 9
8 percent of its work force during the period of contract
9 performance; a 2-percent preference for bidders who
10 shall agree to hire persons living within a targeted
11 employment area or are enterprise zone eligible
12 employees equal to 10 to 14 percent of its work force
13 during the period of contract performance; a 3-percent
14 preference for bidders who shall agree to hire persons
15 living within a targeted employment area or are
16 enterprise zone eligible employees equal to 15 to 19
17 percent of its work force during the period of contract
18 performance; and a 4-percent preference for bidders who
19 shall agree to hire persons living within a targeted
20 employment area or are enterprise zone eligible
21 employees equal to 20 or more percent of its work force
22 during the period of contract performance.

23 (d) The maximum preference a bidder may be
24 awarded pursuant to this chapter and any other provision
25 of law shall be 15 percent. However, in no case shall the
26 maximum preference cost under this section exceed fifty
27 thousand dollars (\$50,000) for any bid, nor shall the
28 combined cost of preferences granted pursuant to this
29 section and any other provision of law exceed one
30 hundred thousand dollars (\$100,000). In those cases
31 where the 15-percent cumulated preference cost would
32 exceed the one hundred thousand dollar (\$100,000)
33 maximum preference cost limit, the one hundred
34 thousand dollar (\$100,000) maximum preference cost
35 limit shall apply.

36 (e) Notwithstanding any other provision of this
37 section, small business bidders qualified in accordance
38 with Section 14838 shall have precedence over nonsmall
39 business bidders in that the application of any bidder
40 preference for which nonsmall business bidders may be



1 eligible, including the preference contained in this
2 section, shall not result in the denial of the award to a
3 small business bidder. This subdivision shall apply to those
4 cases where the small business bidder is the lowest
5 responsible bidder, as well as to those cases where the
6 small business bidder is eligible for award as the result of
7 application of the 5-percent small business bidder
8 preference incentive.

9 (f) All state contracts issued to bidders who are
10 awarded preferences under this section shall contain
11 conditions to ensure that the contractor performs the
12 contract at the location specified and meets any
13 commitment to employ persons with high risk of
14 unemployment.

15 (g) (1) A business that requests and is given the
16 preference provided for in subdivision (a) or (b) by
17 reason of having furnished a false certification, and that
18 by reason of this certification has been awarded a contract
19 to which it would not otherwise have been entitled, shall
20 be subject to all of the following:

21 (A) Pay to the state any difference between the
22 contract amount and what the state's cost would have
23 been if the contract had been properly awarded.

24 (B) In addition to the amount specified in
25 subparagraph (A), be assessed a penalty in an amount of
26 not more than 10 percent of the amount of the contract
27 involved.

28 (C) Be ineligible to *directly or indirectly* transact any
29 business with the state for a period of not less than three
30 months and not more than 24 months.

31 (2) Prior to the imposition of any sanction under this
32 subdivision, the business shall be entitled to a public
33 hearing and to five days' notice of the time and place
34 thereof. The notice shall state the reasons for the hearing.

35 (h) In each instance in this section an enterprise zone
36 shall also mean any enterprise zone or program area
37 previously authorized under any other provision of state
38 law.

39 (i) As used in this section, "enterprise zone eligible
40 employees" means employees who meet any of the



1 requirements of clause (iv) of subparagraph (A) of
2 paragraph (4) of subdivision (b) of Section 17053.74, or
3 clause (iv) of subparagraph (A) of paragraph (4) of
4 subdivision (b) of Section 23622.5 of the Revenue and
5 Taxation Code.

6 (j) *In no case shall a bidder be awarded more than one*
7 *preference for the same contract as provided in Section*
8 *4533, 7084, or 7118.*

9 *SEC. 9. Section 7084 of the Government Code is*
10 *amended to read:*

11 7084. (a) Whenever the state prepares ~~an invitation~~
12 ~~for bid~~ *a solicitation* for a contract for goods in excess of
13 one hundred thousand dollars (\$100,000), except a
14 contract in which the worksite is fixed by the provisions
15 of the contract, the state shall award a 5-percent
16 preference to California-based companies that
17 *demonstrate and* certify under penalty of perjury that no
18 less than 50 percent of the labor required to *manufacture*
19 *the goods and* perform the contract shall be accomplished
20 at ~~a~~ *an identified* worksite or worksites located in an
21 enterprise zone.

22 (b) In evaluating proposals for contracts for services in
23 excess of one hundred thousand dollars (\$100,000), except
24 a contract in which the worksite is fixed by the provisions
25 of the contract, the state shall award a 5-percent
26 preference on the price submitted by California-based
27 companies that certify under penalty of perjury that not
28 less than 90 percent of the labor *hours* required to
29 perform the contract shall be accomplished at ~~a~~ *an*
30 *identified* worksite or worksites located in an enterprise
31 zone.

32 (c) Where a bidder complies with subdivision (a) or
33 (b), the state shall award a 1-percent preference for
34 bidders who ~~shall agree~~ *certify under penalty of perjury*
35 to hire persons living within a targeted employment area
36 or are enterprise zone eligible employees equal to 5 to 9
37 percent of its work force during the period of contract
38 performance; a 2-percent preference for bidders who
39 shall agree to hire persons living within a targeted
40 employment area or are enterprise zone eligible



1 employees equal to 10 to 14 percent of its work force
2 during the period of contract performance; a 3-percent
3 preference for bidders who shall agree to hire persons
4 living within a targeted employment area or are
5 enterprise zone eligible employees equal to 15 to 19
6 percent of its work force during the period of contract
7 performance; and a 4-percent preference for bidders who
8 shall agree to hire persons living within a targeted
9 employment area or are enterprise zone eligible
10 employees equal to 20 or more percent of its work force
11 during the period of contract performance.

12 (d) The maximum preference a bidder may be
13 awarded pursuant to this chapter and any other provision
14 of law shall be 15 percent. However, in no case shall the
15 maximum preference cost under this section exceed fifty
16 thousand dollars (\$50,000) for any bid, nor shall the
17 combined cost of preferences granted pursuant to this
18 section and any other provision of law exceed one
19 hundred thousand dollars (\$100,000). In those cases
20 where the 15-percent cumulated preference cost would
21 exceed the one hundred thousand dollar (\$100,000)
22 maximum preference cost limit, the one hundred
23 thousand dollar (\$100,000) maximum preference cost
24 limit shall apply.

25 (e) Notwithstanding any other provision of this
26 section, small business bidders qualified in accordance
27 with Section 14838 shall have precedence over nonsmall
28 business bidders in that the application of any bidder
29 preference for which nonsmall business bidders may be
30 eligible, including the preference contained in this
31 section, shall not result in the denial of the award to a
32 small business bidder. This subdivision shall apply to those
33 cases where the small business bidder is the lowest
34 responsible bidder, as well as to those cases where the
35 small business bidder is eligible for award as the result of
36 application of the 5-percent small business bidder
37 ~~preference~~ *incentive*.

38 (f) All state contracts issued to bidders who are
39 awarded preferences under this section shall contain
40 conditions to ensure that the contractor performs the



1 contract at the location specified and meets any
2 commitment to employ persons with high risk of
3 unemployment.

4 (g) (1) A business that requests and is given the
5 preference provided for in subdivision (a) or (b) by
6 reason of having furnished a false certification, and that
7 by reason of this certification has been awarded a contract
8 to which it would not otherwise have been entitled, shall
9 be subject to all of the following:

10 (A) Pay to the state any difference between the
11 contract amount and what the state's cost would have
12 been if the contract had been properly awarded.

13 (B) In addition to the amount specified in
14 subparagraph (A), be assessed a penalty in an amount of
15 not more than 10 percent of the amount of the contract
16 involved.

17 (C) Be ineligible to *directly or indirectly* transact any
18 business with the state for a period of not less than three
19 months and not more than 24 months.

20 (2) Prior to the imposition of any sanction under this
21 subdivision, the business shall be entitled to a public
22 hearing and to five days' notice of the time and place
23 thereof. The notice shall state the reasons for the hearing.

24 (h) In each instance in this section an enterprise zone
25 shall also mean any enterprise zone or program area
26 previously authorized under any other provision of state
27 law.

28 (i) As used in this section, "enterprise zone eligible
29 employees" means employees who meet any of the
30 requirements of clause (iv) of subparagraph (A) of
31 paragraph (4) of subdivision (b) of Section 17053.74, or
32 clause (iv) of subparagraph (A) of paragraph (4) of
33 subdivision (b) of Section 23622.5 of the Revenue and
34 Taxation Code.

35 (j) *In no case shall a bidder be awarded more than one*
36 *preference for the same contract as provided in Sections*
37 *4533 and 7084.*

38 SEC. 10. Chapter 2.7 (commencing with Section
39 3000) is added to Part 1 of Division 2 of the Public
40 Contract Code, to read:



CHAPTER 2.7. SMALL AND MICRO BUSINESS
PARTICIPATION IN STATE CONTRACTING

3000. (a) Pursuant to subdivision (b) of Section 14836 of the Government Code, it is the declared policy of the Legislature that the state should aid, counsel, assist, and protect the interests of California small businesses in order to encourage competition and preserve the free enterprise system. It is also the declared policy of the Legislature that the state should aid, counsel, assist, and protect the interests of California micro businesses for the same reasons.

(b) In furtherance of this policy, the Legislature hereby declares that it serves a public purpose, and it is of benefit to the state, to do all of the following:

(1) Promote and facilitate the participation of California small businesses and micro businesses in state contracting.

(2) Acquire a fair proportion of needed goods and services from California small businesses and micro businesses.

(3) Pay California small businesses and micro businesses as expeditiously as possible for goods and services that are delivered or provided to, or on behalf of, the state.

3001. (a) For the purposes of this chapter, pursuant to subdivision (d) of Section 14837 of the Government Code, “small business” means an independently owned and operated business, whose principal office is located in California, the officers of which are domiciled in California, and which together with any affiliates has 21 to 100 employees, inclusive, and averages annual gross receipts of ten million dollars (\$10,000,000) or less, or is a manufacturer with 21 to 200 employees, inclusive. For purposes of this subdivision and subdivision (b), “manufacturer” means a business concern that is primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.



1 (b) For the purposes of this chapter, “micro business”
2 means an independently owned and operated business,
3 whose principal office is located in California, the officers
4 of which are domiciled in California, and which together
5 with any affiliates has 20 or fewer employees and averages
6 annual gross receipts of two million dollars (\$2,000,000) or
7 less, or is a manufacturer, as defined in subdivision (a),
8 with 20 or fewer employees.

9 (c) The Director of General Services may periodically
10 review and adjust the average annual gross receipt level
11 to reflect changes in the California Consumer Price Index
12 for all items.

13 (d) To the extent necessary to reflect unique
14 variations or characteristics of different industries, the
15 Director of General Services may establish higher
16 qualifying standards or alternative standards based on
17 other applicable criteria. These standards shall be
18 established by regulation, in accordance with the
19 rulemaking provisions of the Administrative Procedure
20 Act, Chapter 3.5 (commencing with Section 11340),
21 Chapter 4 (commencing with Section 11370), Chapter 4.5
22 (commencing with Section 11400), and Chapter 5
23 (commencing with Section 11500) of Part 1 of Division 3
24 of Title 2 of the Government Code, and shall preclude the
25 qualification of businesses that are dominant in their
26 industry.

27

28 Article 2. Solicitation of Small Business and Micro
29 Business Bids

30

31 3005. State agencies shall encourage small business
32 and micro business participation by making solicitations
33 available to, and considering offers from, California small
34 business suppliers and micro business suppliers capable of
35 meeting the state’s business needs.

36 3006. Using existing resources, the Director of
37 General Services shall develop and maintain an outreach
38 and education program to assist small businesses and
39 micro businesses to establish California Multiple Award
40 Schedules.



1 3007. Prior to placing an order under the California
2 Multiple Awards Schedule Program, state agencies shall
3 first consider offers from small businesses and micro
4 businesses that have established multiple award
5 schedules whenever practicable.

6 3008. Whenever the Director of General Services
7 consolidates the needs of multiple state agencies and
8 establishes a contract for commonly used goods or
9 services, the director shall both encourage bidders to
10 utilize small business and micro business suppliers and
11 subcontractors, and utilize multiple award methods
12 whenever practicable to further assure that a fair
13 proportion of needed goods and services are obtained
14 from small businesses and micro businesses.

15 3009. *(a) Notwithstanding the advertising and*
16 *bidding requirements of the California State Contracts*
17 *Register (Chapter 6 (commencing with Section 14825) of*
18 *Division 3 of Title 2 of the Government Code) and*
19 *Section 10302, state agencies may award a contract for the*
20 *acquisition of goods or services that has an estimated*
21 *value of greater than two thousand five hundred dollars*
22 *(\$2,500), but less than fifty thousand dollars (\$50,000), to*
23 *a small business or micro business, as long as the agency*
24 *obtains price quotations from two or more small*
25 *businesses or micro businesses.*

26 *(b) In carrying out subdivision (a), state agencies shall*
27 *consider a responsive offer timely received from a*
28 *responsible small business or micro business.*

29

30 Article 3. Simplification and Streamlining of Bid
31 Submission Requirements

32

33 3010. State agencies shall prepare solicitations, and
34 any related bid submission requirements, in a manner
35 consistent with the scope, complexity, and anticipated
36 cost of the acquisition. Where appropriate, state agencies
37 shall provide bidders with simplified and streamlined
38 tools and methods for responding to solicitations that
39 allow bidders to efficiently, expeditiously, and
40 cost-effectively respond to the contracting opportunity.



Article 4. Small and Micro Business Preferences

3015. Pursuant to paragraph (1) of subdivision (b) of Section 14838 of the Government Code, for every competitive acquisition of goods and services, state agencies shall provide a 5 percent preference for small businesses and a 10 percent preference for micro businesses as part of the agency’s bid evaluation method. Pursuant to subdivision (f) Section 14838 of the Government Code, except as specified therein, the application of any bidder preference for which a nonsmall or nonmicro business bidder may be eligible under any provision of law shall not result in denial of award to a small or micro business bidder qualified for the 5 percent small business and the 10 percent micro business preferences.

3016. (a) Pursuant to paragraph (2) of subdivision (b) of Section 14838 of the Government Code, for every competitive acquisition of goods and services, as part of the agency’s bid evaluation method, state agencies shall provide a 10 percent preference for nonsmall businesses and nonmicro businesses that provide for both small and micro business subcontractor participation, which shall be based upon the level of small business and micro business participation in proportion to the total amount of the contract, up to a maximum 10 percent preference, as follows:

Level of Small and Micro Business Subcontractor Participation	Preference Percentage
Less than 3%	0%
3% to 9.99%	2%
10% to 19.99%	4%
20% to 29.99%	6%
30% to 39.99%	8%
40% or more	10%

(b) If both small business subcontractors and micro business subcontractors are available to perform a



1 subcontract, preference shall be given to the micro
2 business.

3 3017. Pursuant to subdivision (f) of Section 14838 of
4 the Government Code, in the event of a precise tie
5 between a small business and a disabled veteran-owned
6 small business, the contract shall be awarded to the
7 disabled veteran-owned small business. In the event of a
8 precise tie between a micro business and a disabled
9 veteran-owned micro business, the contract shall be
10 awarded to the disabled veteran-owned micro business.

11 *SEC. 11. No reimbursement is required by this act
12 pursuant to Section 6 of Article XIII B of the California
13 Constitution because the only costs that may be incurred
14 by a local agency or school district will be incurred
15 because this act creates a new crime or infraction,
16 eliminates a crime or infraction, or changes the penalty
17 for a crime or infraction, within the meaning of Section
18 17556 of the Government Code, or changes the definition
19 of a crime within the meaning of Section 6 of Article
20 XIII B of the California Constitution.*

21 *Notwithstanding Section 17580 of the Government
22 Code, unless otherwise specified, the provisions of this act
23 shall become operative on the same date that the act
24 takes effect pursuant to the California Constitution.*

25 *SEC. 12. Sections 6 and 8 of this act shall become
26 effective only if AB 3 and this act are chaptered and
27 become operative on or before January 1, 1999, in which
28 case Sections 7 and 9 of this act shall not become
29 operative.*

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