



SEP 27 2026

OFFICE OF THE GOVERNOR

To the Members of the California State Senate:

I am returning Senate Bill 1340 without my signature.

This bill would require the small business liaison for each state agency to annually submit an inventory of all agency contracts and subcontracts involving small businesses, including total contract values and total payments made, to the Office of the Small Business Advocate (OSBA). This bill also requires OSBA to post that information on its website.

I support the author's goal to create greater consistency in statewide reporting as agencies meet small business participation requirements in state contracting. However, this bill's proposed manual review and collection requirement, when applied across all agencies that execute procurement contracts, would result in additional spending in the tens of millions of dollars annually.

In partnership with the Legislature this year, my administration has enacted a balanced budget that recognizes the challenging fiscal landscape our state faces while maintaining our commitment to working families and our most vulnerable communities. With significant fiscal pressures and the federal government's hostile economic policies, it is vital that we remain disciplined when considering bills with significant fiscal implications that are not included in the budget, such as this measure.

For this reason, I cannot sign this bill.

Sincerely,

Gavin Newsom