



June 26, 2026

The Honorable Akila Weber Pierson, M.D.
California State Senate
1021 O Street, Suite 7350
Sacramento, CA 95814

RE: AB 1776 (Aguiar-Curry) – Letter of Concern

Dear Senator Weber Pierson,

On behalf of the San Diego Business Chamber, representing more than 800 businesses, nonprofit organizations, and employers throughout San Diego County, including a membership of which more than 65% are small businesses, I write to express our concerns regarding AB 1776 as currently amended.

Thank you for the opportunity to speak with your Legislative Director, Sam Gonzales, this morning regarding this legislation. As I shared during our conversation, our concern is focused on a very specific issue affecting California's small business community.

We appreciate that recent amendments to AB 1776 attempt to recognize the unique position of small businesses by creating an exemption based upon business size. We also appreciate the author's apparent recognition that small businesses should not be subjected to the same legal exposure contemplated for larger market participants.

However, as currently drafted, that exemption does not prevent a small business from becoming the target of litigation.

Instead, the exemption functions only as an affirmative defense after litigation has already begun. A qualifying small business may still be required to retain legal counsel, respond to a lawsuit, participate in discovery, devote valuable leadership time to defending itself, and incur significant legal expenses before ultimately demonstrating that it qualifies for the exemption. Several analyses submitted to the Legislature note that privately held businesses often cannot establish exemption status until after litigation has commenced, leaving them exposed to precisely the costs the exemption was intended to avoid.

For many of California's small businesses, those costs alone may be devastating.

As an organization representing employers throughout San Diego County, we regularly hear from entrepreneurs whose greatest challenges are not simply regulatory compliance, but the uncertainty, expense, and distraction associated with litigation. Even when a business ultimately prevails, the financial and operational impacts of defending a lawsuit can be substantial.

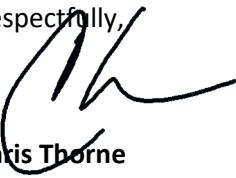
Our concern, therefore, is not with the stated objective of promoting fair competition. Healthy competition benefits consumers, businesses, and California's economy alike.

Rather, our concern is that the current language may unintentionally expose the very small businesses the amendments seek to protect to costly litigation before they have any meaningful opportunity to demonstrate that they qualify for the exemption.

We respectfully encourage you to seek additional amendments that would provide a true procedural safeguard for qualifying small businesses rather than an affirmative defense available only after litigation has commenced. Such an approach would better align the bill's stated intent with its practical effect while avoiding unnecessary burdens on California's small business community.

Thank you for your thoughtful consideration of our concerns and for your continued service to the people and businesses of California. We appreciate your willingness to consider the practical impacts of legislation on the state's small employers and stand ready to serve as a resource as the bill continues through the legislative process.

Respectfully,

A handwritten signature in black ink, appearing to read 'Chris Thorne', written over the word 'Respectfully,'.

Chris Thorne

President & Chief Executive Officer
San Diego Business Chamber