

July 31, 2026

The Honorable Sabrina Cervantes
Chair, Senate Appropriations Committee
Capitol Office, 1021 O Street, Suite 7330
Sacramento, CA 95814-4900

Re: AB 1776 (Aguiar-Curry), as amended June 22, 2026 — NOTICE OF SUPPORT

Dear Chair Cervantes,

The Little Tech Association (LTA) is a national trade association of founders, innovative companies, digital entrepreneurs, and startup investors working to keep the digital economy open and competitive. LTA's more than 200 members span the full spectrum of the digital economy, and while they hail from states across the country, many are based in California. LTA writes today in support of AB 1776, the Competition and Opportunity in Markets for a Prosperous, Equitable, and Transparent Economy (COMPETE) Act.

America's technological leadership flows from free markets, where companies succeed or fail on their merits, not on market power. California is home to much of that innovation, and to the largest incumbents that decide which businesses reach customers and which get buried. Yet for 119 years the Cartwright Act has reached only coordinated conduct by two or more firms, so a single dominant company can engage in similar anticompetitive behavior and face no liability. AB 1776 closes that gap.

This is not an abstraction for our members. Practices like self-preferencing, in-app payment mandates, refusals to deal, and vertical integration letting one firm run a marketplace while competing inside it raise costs for consumers and squeeze the companies challenging incumbents. The stakes are rising as incumbents race to lock up the AI stack — models, compute, distribution, training data — before challengers can scale. The last fifteen years were a story of consolidation. The next fifteen must not be.

We support this bill in part because it is carefully drawn to reach conduct, not success. Section 16731(d) requires a plaintiff to allege and prove market power — a settled term with Cartwright case law behind it, not a novel standard — and liability attaches only where that power is used to exclude rivals. No company violates this statute by building a better product or winning customers; it violates it by foreclosing the competitors trying to do the same. The bill adds exemptions for independently owned California small businesses and state-authorized

franchises, plus the structured rule of reason from *In re Cipro*, which weighs procompetitive justifications. There is no per se liability.

We are not asking policymakers to pick winners, but to restore the conditions under which real competition is possible, enacting policy developed through a three-year California Law Revision Commission study process and a unanimous recommendation. When builders and innovators compete on their merits, California wins.

We urge the Senate Appropriations Committee and the full Legislature to pass AB 1776.

Sincerely,

A handwritten signature in black ink that reads "Harrison Godfrey". The script is fluid and cursive, with the first letter of each name being capitalized and prominent.

Harrison T. Godfrey
Executive Director
Little Tech Association
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