



April 22, 2024

The Honorable Tom Umberg
Chair, Senate Judiciary Committee
1021 O St. Room 3240
Sacramento, CA 95814

RE: SB 1103 (Menjivar) – Commercial Lease Contract Mandates - OPPOSE

Dear Senator Umberg:

We, the undersigned organizations, write to express our strong opposition to Senate Bill 1103 (Menjivar), as amended. Originally flawed, recent amendments not only fail to address our initial concerns but also introduce additional vague mandates that disregard the complexities of commercial leases. These changes further complicate commercial real estate contracts and leasing arrangements, adversely affecting both small and family-owned property owners and the small businesses and nonprofits this bill ostensibly aims to protect.

SB 1103 does not recognize the fundamental differences between business-to-business (B2B) and business-to-individual (B2I) real estate transactions, which, if enacted into law, will jeopardize the flexibility and mutual benefits of commercial leasing. Capping security deposits at one month's rent disregards their essential role in risk management and post-tenancy restoration, particularly for new or financially unproven businesses, potentially dissuading landlords from leasing to these enterprises.

The amendments to SB 1103 impose complex and ambiguous regulations that disproportionately burden small to mid-sized property owners. These changes introduce costly compliance challenges and prevent owners from covering essential maintenance and legal compliance costs. Further, requiring property owners to detail all operational costs upfront contradicts traditional management practices, potentially causing financial strain for both owners and tenants.

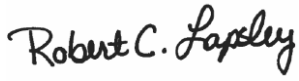
Despite its intentions, SB 1103's lack of understanding in commercial leasing nuances may harm the growth and viability of small businesses and nonprofits, possibly disadvantaging the very groups it aims to support. We urge you to vote "no" on SB 1103.

For more details on our position, please contact Skyler Wonnacott at the California Business Properties Association (CBPA) at (916) 960-3951 or swonnacott@cbpa.com.

Sincerely,

Matthew Hargrove, Pres/CEO
CA Business Properties Assn
CA Building Owners & Managers Association of CA

Skyler Wonnacott
NAIOP California &
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Rob Lapsley, CEO
California Business Roundtable



Adam Regele,
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Pat Fong Kushida
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Ivan Volschenk – President/CEO
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Orange County Business Council



Judy B. Lloyd, President & CEO
Danville Area Chamber of Commerce

Darrin Godin, Chairman of the Board
Huntington Beach Chamber of Commerce

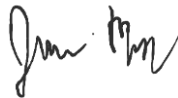
Scott Alevy
President & CEO
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Mike Roos, President
Southern California Leadership Council

Donnette Silva Carter, IOM, Chief Executive Officer
Tulare Chamber of Commerce

Deborah L. Feng, CEO
Cupertino Chamber of Commerce



Justine Murray, Executive Director of Public Affairs
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Chris Wysocki
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Bob Linscheid, President & CEO
Walnut Creek Chamber of Commerce & Visitors
Bureau

Nancy Hoffman Vanyek, ACE/Chief Executive Officer
Greater San Fernando Valley Chamber of Commerce



Steve Rosansky, President and C.E.O.
Newport Beach Chamber of Commerce

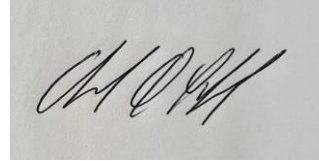


Anthony Angelini
Director of Tourism and Government Affairs

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Jeremy Harris, President/CEO
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Mark Creffield, President/CEO
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