

The COMPETE Act Would Hold Big Tech Accountable for Anticompetitive Conduct that Stifles Competition, Raises Prices, Limits Choices, and Squeezes Small Businesses

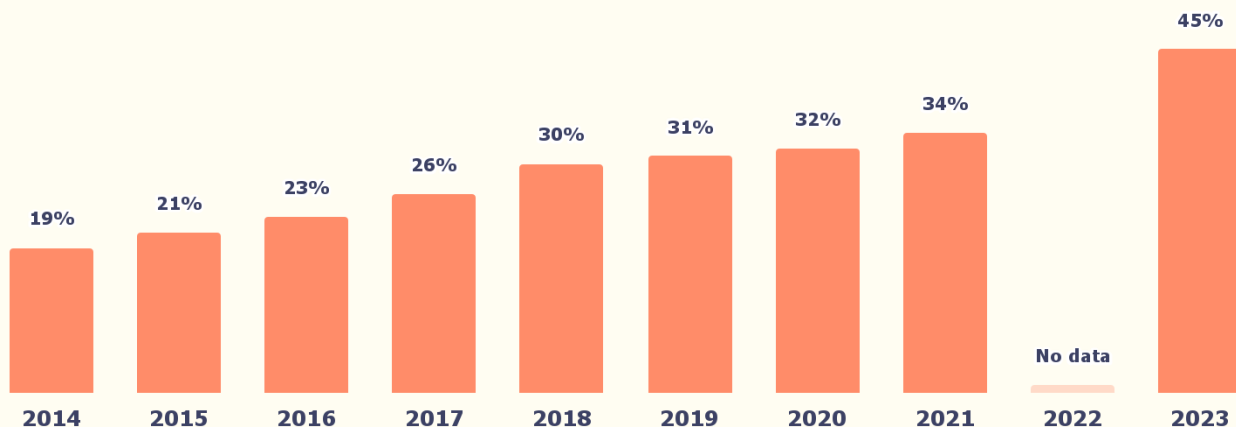
The COMPETE Act (AB 1776) would, for the first time, give California a clear statutory prohibition on monopolization, monopsonization, and restraints of trade by a single dominant firm, bringing our state in line with the large majority of states and making it harder for dominant technology platforms to use self-preferencing, exclusionary contracting, or gatekeeper power to crush small online companies, extract excessive fees from sellers and developers, limit choices and raise prices for consumers.

Dominant tech platforms exploit California's small businesses and stifle the next generation of startups.

In the past, California's entrepreneurs, small developers, and independent businesses competed on a more level technological playing field — driving innovation and launching entire generations of startups that define Silicon Valley and California's economy. Today, a handful of tech giants dominate the digital markets that Californians depend on every day: Google controls [nearly 90% of the search market](#); Amazon takes [at least 45% of every third-party sale](#) from the small businesses on its platform; and Apple and Google force app developers to pay [30% of their revenue](#) just to reach customers on their platforms. These tech behemoths have turned the digital marketplace into [a system of tolls and gatekeeping](#) that extracts wealth from California's small businesses, workers, and consumers, while preventing new would-be players from injecting competition into the market.

FIGURE 1. AMAZON HAS TAKEN A LARGER CUT OF SELLERS' REVENUE IN EACH OF THE LAST 10 YEARS

For every \$100 in sales sellers earn, Amazon takes \$45 in fees



Sources: [Institute for Local Self-Reliance](#), Amazon's 10-K filings, eMarketer

Without legislation to rein in unchecked anticompetitive conduct by dominant firms, troubling trends will continue:

- **Consumers will pay higher prices for goods.** In the modern economy, businesses have little choice but to rely on digital platforms to reach customers. When dominant platforms control the digital marketplace, the platform can impose escalating fees on businesses. These costs, in turn, get passed directly to consumers. Amazon's seller fees now exceed 50% of each sale, leading 65% of sellers to raise prices. Food delivery platforms charge restaurants 15–30% of every order, and consumers bear the cost: on average, delivery orders cost nearly 80% more than picking up the same meal (and those extra costs are not passed onto the driver, either).
- **Small businesses will continue to be exploited by platforms that act as both marketplace and competitor.** A single company that controls access to customers can copy products, manipulate search results, and corner businesses into extractive programs. Amazon uses its “Buy For Me” feature to scrape product listings from small business websites without consent, AI-generates duplicate listings, (which forces the legitimate business to compete against Amazon for its own products, and risk losing customer relationships), and tells owners they can “opt out” of a program they were never asked to join.
- **Corporate concentration in tech will suppress workers’ wages across the income spectrum, even as companies report record profits.** When one company dominates the labor market, wages fall. Big Tech has repeatedly exploited its dominance: from 2005 to 2009, Apple, Google, and other Big Tech companies ran a secret no-poach scheme that cost over 64,000 high-wage California tech workers an estimated \$3.1 billion in lost wages. Today, Amazon, the nation’s second-largest private employer, pays warehouse workers near its fulfillment centers \$822 per month less than warehouse workers elsewhere.
- **The next generation of California startups will be killed before they can compete.** Dominant tech corporations control the data, platforms, and distribution channels new businesses need — positioning themselves to favor their own products, and acquire or crush potential rivals before they gain a foothold. Investors already refuse to fund startups that might challenge Big Tech, what researchers call “kill zones.”

The COMPETE Act would restore fair competition by holding single dominant firms accountable for harmful conduct by:

1. **Closing the single-firm loophole** by making it clear that anticompetitive conduct by a monopoly is just as illegal as collusion by multiple companies.
2. **Holding gatekeepers accountable** by prohibiting a single firm from restraining trade, such as when a dominant platform blocks competitors from reaching customers, or uses its power in one market to squeeze out rivals in another.
3. **Protecting workers and suppliers** by explicitly covering monopsony — when a dominant buyer uses its market power to suppress wages or squeeze the businesses that sell to it. When a handful of companies control the market for buying creative work, they can drive down compensation even as their own profits grow.
4. **Clarifying that California courts are not bound by federal cases** that are inconsistent with California’s goal of “maximally” protecting competition, including by enabling courts to take a holistic approach to curbing anticompetitive harm.