

Date of Hearing: April 25, 2018

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

AB 2184 (Chiu) – As Amended April 19, 2018

SUBJECT: Business licenses.

SUMMARY: Requires a local agency that licenses businesses to accept a driver's license or certain identification numbers in lieu of a social security number (SSN) if the municipality otherwise requires an SSN for the issuance of a business license. Specifically, **this bill would:**

- 1) Requires a city, including a charter city, county, and city and county that licenses businesses carried on within their respective jurisdictions to accept a California driver's license or identification number, an individual taxpayer identification number (ITIN), or a municipal identification number in lieu of an SSN if the city or county otherwise requires an SSN for the issuance of a business license.
- 2) Specifies that a home address submitted to a city, including a charter city, county, and a city and county on a business license application shall not be disclosed on a publicly accessible Internet web site.
- 3) Provides that a number collected pursuant to 1), above, shall not be available to the public for inspection, is confidential, and shall not be disclosed, except as required to administer the licensure program or comply with a state law or a state or federal court order.
- 4) Specifies that if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made.
- 5) Provides findings and declarations that Sections 2 and 3 of this measure impose a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution.
- 6) Makes additional findings and declarations to support its purposes.

EXISTING LAW:

- 1) Allows a city or county to make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws, known as the police power of cities.
- 2) Allows a city or county to require businesses operating in their jurisdictions to obtain a license and impose related licensing fees.

FISCAL EFFECT: This bill is keyed fiscal and contains a state-mandated local program.

COMMENTS:

- 1) **Local Business Licensing.** The California Constitution allows a city or county to “make and enforce within its limits, all local, police, sanitary and other ordinances and regulations not in conflict with general laws,” known as police powers. It is from this fundamental power that local governments derive their authority to regulate behaviors, business operations, and land uses. Local agencies also use this “police power” to abate nuisances and protect public health, safety, and welfare.

As an extension of the police power, state law allows local governments to require businesses operating in their jurisdictions to obtain a license and impose related licensing fees. If a business operates in multiple jurisdictions, the fees imposed by any one jurisdiction are supposed to fairly reflect the amount of business that goes on in that jurisdiction.

Local governments license businesses for lots of reasons: to identify individuals operating businesses in their jurisdictions, to ensure compliance with other local laws, to facilitate contact in case a problem arises, and to raise money to support public services that support those businesses.

- 2) **Individual Tax Identification Number.** In 2014, the Legislature enacted SB 1159 (Lara), Chapter 752, Statutes of 2014, which prohibited, among other things, licensing boards under the Department of Consumer Affairs (DCA) from denying licensure to an applicant based on his or her citizenship or immigration status and required that DCA’s licensing boards accept either an SSN or an ITIN number on business license applications or renewals. That bill was widely supported and received no opposition. An ITIN is a tax processing identification number issued by the U.S. Internal Revenue Service (IRS) for the administration of tax laws. Since 1996, the IRS has issued ITINs to taxpayers and their dependents who are not eligible to obtain an SSN. The IRS issues ITINs because all wage earners, regardless of their immigration status, are required to pay federal taxes. Accordingly, ITINs allow people who are ineligible for an SSN to comply with tax laws, and are issued regardless of immigration status.
- 3) **Bill Summary.** In order to ensure that persons without an SSN may apply for local business licenses, this bill would require local governments that license businesses to accept alternative numbers or a driver’s license in lieu of an SSN. This bill is co-sponsored by the California Immigrant Policy Center and the Lawyers’ Committee for Civil Rights of the San Francisco Bay Area.
- 4) **Author’s statement:** According to the author, “In a 2012 study from the Fiscal Policy Institute reported that one-third of small business owners in California are immigrants. There are still systemic barriers to immigrant Californians seeking opportunity through business ownership. This bill enables the integration of immigrant business owners into the state economy and protects their personal information. It reduces barriers for immigrant business owners to apply for local business licenses and aligns the business license process with efforts to advance the social and economic interests of our state.”
- 5) **Prior legislation:** AB 1822 (Berryhill), Chapter 317, Statutes of 2012, allowed the California Architects Board to accept an ITIN or another identification number in lieu of an SSN from an individual seeking licensure.

AB 1024 (Gonzalez), Chapter 573, Statutes of 2013, authorized the Supreme Court of California to admit an applicant, who is not lawfully present in the United States, to the practice of law upon certification by the committee that the application fulfilled the requirements for admission.

SB 1159 prohibited licensing boards under the DCA from denying licensure to an applicant based on his or her citizenship or immigration status, and required a licensing board and the State Bar to require, by January 1, 2016, that an applicant for licensure provide his or her ITIN or an SSN for an initial or renewal license.

- 6) **Arguments in Support.** Supporters argue that immigrant households represent a substantial share of spending power in the state, currently making up 28% of the total household income in California. In addition to contributing about 32% of California's gross domestic product, immigrants bring innovation and cultural diversity to our state through entrepreneurship. A 2012 study found that one in three small business owners in California are immigrants. Meanwhile, another study found that from 2007 to 2001, immigrants in the state founded an estimated 45% of all new businesses. However, immigrants in California face systemic barriers to seeking economic opportunity through business ownership, including the requirement the individual provide an SSN. By allowing a driver's license or other identifying number to be used instead, AB 2184 reduces barriers for immigrant business owners to apply for local business licenses.
- 7) **Arguments in Opposition.** None on file.
- 8) **Double-referral:** This bill was heard by the Privacy and Consumer Protection Committee on April 17, 2018, and passed with an 8-1 vote.

REGISTERED SUPPORT / OPPOSITION:

Support

California Immigrant Policy Center [CO-SPONSOR]
 Lawyer's Committee for Civil Rights of the San Francisco Bay Area [CO-SPONSOR]
 American Civil Liberties Union of California Center for Advocacy and Policy
 Asian Americans Advancing Justice
 Brightline Defense Project
 California Reinvestment Coalition
 California Rural Legal Assistance Foundation
 East Bay Community Law Center
 Educators for Fair Consideration
 Mission Asset Fund
 Public Counsel
 Sustainable Economies Law Center

Opposition

None on file

Analysis Prepared by: Jimmy MacDonald / L. GOV. / (916) 319-3958