



PLANNING FOR 2020: BUSINESS LICENSE-RELATED LAWS IMPACTING LOCAL GOVERNMENT

The following includes provisions regarding business license measures signed by the Governor in 2019. Please consult your City Attorney regarding local ordinance development, implementation requirements and deadlines.

- **AB 498 (Chapter 227, Statutes of 2019) Business License Exemption: Veterans Providing Services**

http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB498

Exempts a veteran who is honorably discharged and is a resident of this state from paying any local business license fees for a business that sells or provides services if the veteran is the sole proprietor of the business.

The bill does not extend to veteran-owned businesses.

To illustrate, under current law, a veteran who sells paint would be exempt from paying a business license fee, but a veteran who provides painting services would not be exempt. In order to encourage veterans to operate their own businesses, the bill's author wants encourage veterans to start their own businesses by expanding the business license fee exemption for veterans.

Implementation Date: January 1, 2020.

Impacted Local Agencies: AB 498 applies to all cities, including charter cities that issue a business license: Section 16001.8 (b) is added to the Business and Professions Code: The Legislature finds and declares that the prohibition on the imposition of local business license fees on veterans as specified in this section is a matter of statewide concern and is not a municipal affair. Therefore, this section applies to all cities, including charter cities.

AB 498 Stakeholders

Support: American GI Forum of California; AMVETS-Department of California; California State Commanders Veterans Council; Vietnam Veterans of America-California State Council.

- **SB 234 (Chapter 224, Statutes of 2019) Family Daycare Homes / Business License Exclusion**

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB234

Requires a large family daycare home to be treated as a residential use of property for purposes of all local ordinances. Locals may not impose a business license for operating a small or large family daycare home.

Implementation Date: January 1, 2020.

Current Law: Distinguishes between “large family day care homes” (which provide in-home care for up to 14 children) and “small family day care homes” (which provide in-home care for up to eight children). Existing law prohibits a local jurisdiction from imposing a business license, fee, or tax for operating a small family day-care home.

Provisions: Amends Section 1597.45 of the Health and Safety Code to read: (a) The use of a home as a small or large family daycare home shall be considered a residential use of property and a use by right for the purposes of all local ordinances, including, but not limited to, zoning ordinances. (b) A local jurisdiction shall not impose a business license, fee, or tax for the privilege of operating a small or large family daycare home.

Health and Safety Requirements: SB 234 includes requirements for the State Fire Marshall to update specific regulations no later than January 1, 2021. Please provide internal departments with a copy of SB 234 to ensure compliance the requirements.

Impacted Local Agencies: SB 234 applies to all cities and counties and charter cities and counties that issue a business license. Section 1597.40 (b) is added to the Health and Safety Code: The Legislature declares this policy to be of statewide concern with the purpose of occupying the field. This act, the state building code, and the fire code, and regulations promulgated pursuant to those provisions, shall pre-empt local laws, regulations, and rules governing the use and occupancy of family daycare homes. Local laws, regulations, or rules shall not directly or indirectly prohibit or restrict the use of a facility as a family daycare home, including, but not limited to, precluding the operation of a family daycare home.



▪ **AB 1607 (Chapter 293, Statutes of 2019) Gender Discrimination: Notifications When Issuing a Business License**

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB1607

Requires a city or county that issues business licenses to provide written notification when the license is issued with respect to prohibiting gender discrimination. The notice will summarize the provisions of the Gender Tax Repeal Act of 1995. Requires the notice to be provided in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean.

Implementation Dates: January 1, 2021.

The Department of Consumer Affairs by October 1, 2020 must develop written notifications for download and of the provisions and in various languages.

Costs: Provisions in AB 1607 allow for a fee increase for a business license to cover the costs of providing the notice.

Impacted Local Agencies: AB 1607 applies to all cities and charter cities that issue a business license. Section 51.6 of the Civil Code (h) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

AB 1607 Stakeholders

Sponsor: California Chamber of Commerce

▪ **SB 205 (Chapter 470, Statutes of 2019) Stormwater Discharge / Verification by Locals When Issuing a Business License/ Reporting and Maintaining Records**

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200SB205

Requires businesses to demonstrate enrollment with stormwater discharge permits (National Pollutant Discharge Elimination System (NPDES)) when applying for, or renewing, a business license with a city or county.

Implementation Dates: January 1, 2020.

The Water Resources Control Board (WRCB) by April 20, 2020 must post on its website a list of all Standard Industrial Classification Codes applicable to a General Permit for Stormwater Discharges Associated with Industrial Activities Excluding Construction Activities. The WRCB must also update the list.

Three Month Provisional Period: Cities and counties would be able to develop a provisional license procedure for three months for those licenses issued between January 1, 2020 and March 31, 2020.

Three Month Grace Period: Per the author's office, a grace period will always exist for businesses who are unaware of the business license requirements. For example, a business who applies in July 2020, and doesn't have the proper paperwork will still have a three month period to get the proper documentation.

Verification by Locals: Local government are responsible for matching the Standard Industrial Classification Codes with what the business provides. The responsibility to provide the correct number is on the business under penalty of perjury.

Reporting by Locals Upon Request of the WRCB: The author's office confirmed that locals will only have to provide the list of licenses issued if it is requested by the WRCB.

Impacted Local Agencies: The Legislative Counsel Digest the issue is a matter of statewide concern and applies to charter cities, charter counties and charter cities and counties. Locals without a business license are exempt.

Costs: As stated in the bill, locals could raise the rates of the business license renewal process to offset the cost.

SB 205 Stakeholders

Sponsor: Sean Bothwell, Executive Director, California Coastkeeper Alliance, 949.291.3401 and sbothwell@cacoastkeeper.org

California Stormwater Quality Association: Geoff.Brosseau@casqa.org

Author's Staff: Cynthia Castillo, Policy Consultant, (916) 651-4018 and Cynthia.Castillo@sen.ca.gov



- **AB 458 (Chapter 425, Statutes of 2019) Home Residence Permit for Optometrists: Business License Requirement**

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB458

Allows an optometrist to practice optometry at a homebound residence. The law sets forth certain requirements for the optometrist or employer of the optometrist including having a current local business license.

Implementation Date: January 1, 2020.

Home Residence: “Home residence” means the primary residence of an individual who is restricted by a disabling physical or mental condition. “Home residence” does not include a health facility (refer to Section 1250 of the Health and Safety Code), or a community care facility (subdivision (a) of Section 1502 of the Health and Safety Code), but does include an individual condominium unit, apartment, single-family home, cooperative unit, mobilehome, or trailer, if it is used as a residence.

Regulations: The State Board of Optometry is expected to pursue regulations to implement the law.

AB 458 Stakeholders

Sponsor: The California State Board of Optometry.
Marc.Johnson@dca.ca.gov; and
Shara.Murphy@dca.ca.gov

- **SB 601 (Chapter 854, Statutes of 2019) State Agencies: Reduction or Waiver of Fees: Licenses for Business**

http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB601

Authorizes any state agency that issues any “business license” to establish a process for a person or business that has been displaced or is experiencing economic hardship as a result of an emergency declared by the Governor for reduction or waiver of fees required by the agency to obtain a license, renew or activate a license, or replace a physical license for display.

Implementation Date: January 1, 2020.

Licenses: Under the bill “license” includes, but is not limited to, a certificate, registration, or other required document to engage in business.

The Chamber of Commerce notes the law would provide flexible discretion to state agencies to help businesses and individuals affected by disasters with state licensing costs, helping businesses and communities get back to work after a disaster.

SB 601 Stakeholders

Support: California Chamber of Commerce

Reference

2018 Summary of Business License-Related Measures:
<https://www.avenuinsights.com/wp-content/uploads/2018/11/MuniServices-I-Avenu-Policy-Update-California-Business-License-Related-Measures-and-Dynamex-Planning-for-2019-112918-PDF-1-.pdf>

2017 Summary of Business License Related Measures:
<http://www.muniservices.com/wp-content/uploads/MuniServices-Policy-Update-Business-License-Legislation-from-2017-Signed-by-the-Governor-Impacting-Local-Government-AB-1069-SB-182-and-AB-1379-Final102017-PDF.pdf>

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