

REVISED MOTION BY SUPERVISORS SHEILA KUEHL AND
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Business Registration Program

The Board of Supervisors is committed to strengthening its partnerships with all members of our business community by communicating about, and effectively delivering, the many services that the County of Los Angeles offers to our businesses, particularly in the unincorporated areas of the County. The County, however, has no single, comprehensive source of data on the numbers and characteristics of businesses in our unincorporated areas, where the County acts as the local municipal services provider.

The County’s Business License Ordinance, which is codified in Title 7 of the County Code, and administered by the Treasurer and Tax Collector (TTC), applies only to some businesses with a nexus to the health, welfare and safety of the public. The County licenses 7,100 businesses across 110 individual license categories, though the TTC estimates there may be more than 8,000 additional businesses in the unincorporated areas of the County. Of the 88 cities in Los Angeles County, 82 (93%) license each and every business within their borders. Three of the remaining cities

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license no businesses and the remaining three are contract cities, which operate under the County's framework for Business Licensing.

On November 17, 2015, the Board asked the TTC and related County departments to collect and submit data on business regulation in the unincorporated areas of the County and in the County's 88 cities. On May 3, 2016, building on that information, the Board requested that the TTC, working with County Counsel, the Department of Consumer and Business Affairs (DCBA) and other related departments, prepare a proposal to create a new Business Registration Program for the unincorporated areas of the County. The Board further directed the TTC to make a recommendation on expanding the County's existing Business Licensing Program to include additional categories of businesses known to have high rates of wage violations or wage theft, including, potentially, garment manufacturing (60.1% wage violation rate) and car wash facilities (car repair and car wash facilities have a combined 17.6% wage violation rate).

In August of 2016, the TTC submitted the requested report, which included a Business Registration Program Proposal, an Implementation Timeline, a Staffing Proposal, a Preliminary Outreach Plan, a Data System Proposal and recommendations for additional Business License categories. The report included a preliminary annual Business Registration Fee of \$185 and a projected implementation timeline of approximately twelve months from the date of the Board's instruction to proceed.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Instruct the Chief Executive Officer (CEO) and the Treasurer and Tax Collector (TTC), working in consultation with County Counsel, the Director of Consumer

and Business Affairs and any other relevant Department Directors, to take the steps necessary, as described in the TTC's August 31, 2016, report, to develop a new Los Angeles County Business Registration Program;

2. Instruct the Director of Consumer and Business Affairs, in collaboration with TTC, to immediately plan and host a second set of business roundtables in each Supervisorial District to gather input from the business community on a new County Business Registration Program, including feedback on a proper pre and post-implementation outreach strategy, the terms of a proposed ordinance, compliance and registration fees and requirements, and to submit a report in 120 days on the results of the discussions. The Directors of DCBA and TTC should strive to ensure robust attendance and participation in the roundtables and should offer businesses opportunities to provide input via email, mail and the internet, as appropriate;
3. Instruct the TTC, working in consultation with County Counsel and the Director of Consumer and Business Affairs, to submit a report in 120 days that includes:
 - a. A a proposal for a six-month Enhanced Business License Compliance pilot project, focused on outreach to and identification of businesses that are already subject to the County's Business License Ordinance, but are not in compliance. The emphasis of the pilot project should be to identify these businesses and assist them in obtaining business licenses; with an analysis of various assistance options ranging from support in obtaining a Business License, obtaining an Individual Tax Identification Number (ITIN), affordability of obtaining a Business

License, and other potential challenges that could keep a business from obtaining a Business License and/or registering; and

- b. In consultation with the Director of Regional Planning, an analysis that incorporates the findings from the Green Zone Program's "ground truthing" activities that are scheduled to produce a map of contaminated sites and toxic hotspots in the unincorporated areas of the First and Second Supervisorial Districts in order to highlight those businesses that may be unlicensed or out of compliance to carry out certain business activities.

4. Instruct the Director of Consumer and Business Affairs, the TTC, the CEO and County Counsel, as necessary, to submit a report in 120 days that reflects the input by communities and business-owners gathered by the Director of DCBA, and that includes:

- a. Microbusinesses. An analysis of and recommendations on how to appropriately define, classify and consider "microbusinesses" under the proposed Business Registration Program and the existing Business License Ordinance, ~~and~~ an analysis of the impact of the new Minimum Wage on such businesses, and an analysis of reducing the business registration fee and waiving or reducing the initial business license fee for "microbusinesses" or businesses that demonstrate financial hardship;
- b. Business Outreach & Marketing. A proposed culturally competent business outreach and marketing program, which should include:

- i. Strategies on how to identify and demonstrate the value of business registration as a means to engage with and connect businesses to County services, including business development, technical assistance and the full continuum of services offered by the County to businesses as incentives to participate in the new business registration program and the existing business certification and utilization programs for local small businesses, social enterprises and disabled veteran-owned businesses;
 - ii. The development of marketing materials to inform businesses of the full continuum of the County's business assistance programs, building on and extending the efforts already underway in the County's Small Business Initiative; and
 - iii. Assessment of businesses' needs relative to existing business assistance programs.
- c. Start-up Costs. An analysis of the staffing and systems resources necessary to implement the Business Registration Program and its robust outreach and marketing effort, with an estimate of the bridge-funding requirements necessary to offset start-up costs until the Business Registration Program fees are adopted and implemented;
 - d. Enforcement and Compliance. A proposed enforcement and compliance framework for the new Business Registration Program, with an emphasis on consumer protection;
 - e. Data Sharing. A description of the protocol developed by TTC and

DCBA to share information, gathered from the new Business Registration Program, with other regulatory and/or licensing agencies, both inside and outside the County, on businesses with potential impacts to health, safety or the environment. The protocol should assume that routine reports will be produced and shared at least twice per year, with provisions for immediate notification, when warranted; and

- f. Expanded Business Licensing. A proposal to add janitorial services, car wash facilities and garment manufacturers, all of which are known to have high rates of wage violations and wage theft, to the County's Business License Ordinance, as proposed in the TTC's August 2016 report.

- 5. Instruct County Counsel, in consultation with CEO, the TTC and DCBA, to prepare an ordinance in 120 days that establishes the Business Registration Program and includes an appropriate Business Registration Fee, calculated in accordance with guidelines set by the Auditor-Controller, to be collected annually.

The ordinance should reflect:

- a. A requirement that all businesses in the unincorporated areas of the County register under the new Business Registration Program, except (i) those that are already required to obtain a business license under Title 7 of the Los Angeles County Code or (ii) those that are prohibited by any County Code;
- b. An administrative protocol for addressing requests for entry into the

Business Registration Program from businesses that do not otherwise have the ability to operate legally;

- c. Designating TTC as the department primarily responsible for the Business Registration Program, and DCBA as the department responsible for outreach, marketing and supportive services to the business community, with these activities to be conducted in close consultation with County Counsel's Affirmative Litigation Consumer Protection Unit and TTC, which shall be designated as the entity responsible for enforcement and compliance;
- d. Establishing a proposed implementation date of March 1, 2019 for the Business Registration Program, with a requirement that businesses be registered by six months after implementation, or September 1, 2019, whichever is later, with provisions for the waiver of enforcement penalties, where appropriate, for one additional year or until September 1, 2020, whichever is later; and
- e. That home-based businesses, as described in the August 2016 report, be exempt from the Business Registration requirement during the initial phase of the program.

- 6. Instruct the CEO, the TTC, and the Chief Information Officer to prepare and submit a Board Letter in 120 days, or sooner, for approval of a contract amendment to expand the existing County contract with Tyler Technologies for EPIC-LA, to provide for online business registration and data collection and to migrate business licensing onto the EPIC-LA platform.