

Providing the Best Starting Point for Business Owners in Los Angeles County

Los Angeles County is the 20th largest economy in the world and the largest County government in the nation.¹ LA County is also composed of an extensively diverse population with over 185 languages spoken. This diversity is the reason why LA County is also home to over 1.3 million small businesses, with a higher majority owned by women and minorities than in any other county in the country.

Small businesses are the backbone of our economy. In fact, from January 1995 to June 2023, small businesses created 20.2 million new jobs across the country, while large companies created 12.8 million new jobs in the same timeframe.² Given that a business license program is often the first point of contact a new business has with a County department, it should be designed to serve both small and large businesses equitably.

The Business License Program (BLP) has lived within LA County’s Treasurer and Tax Collector (TTC) for more than 50 years. A business is required to acquire a license from TTC if they operate at least one of 110 specific business activities in

¹ <https://lacounty.gov/by-the-numbers/>

² https://advocacy.sba.gov/wp-content/uploads/2024/12/Frequently-Asked-Questions-About-Small-Business_2024-508.pdf

MOTION

Mitchell _____

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unincorporated LA County or cities that contract with the County for this service (Malibu, Santa Clarita and Westlake Village).

Over the past 50 years, the business and economic landscape has changed dramatically since the BLP was moved into TTC. Businesses now face varying and complex dynamics such as changing business policies, immigration raids, tariffs, AI, and changing customer trends. It is no longer sufficient to provide a transactional service, rather a wraparound service that educates and guides businesses to a range of services and supports to help them start, grow and thrive.

The BLP currently faces financial deficits due to a stagnant fee that has not been revised in years. Lack of reevaluation of the fees, and inconsistent fees depending on the category of business, have contributed to this program operating under a financial deficit. For comparison, other jurisdictions, such as the City of Los Angeles, require all companies to register their business with the City and pay business taxes each year, or file an exemption if they qualify. Future action may include an evaluation of the current fee structure to assist in modernizing and sustaining the program. Further, compliance with the program has been low and there are opportunities that remain to expand uptake and participation in the program. In 2024, efforts were made to modernize the program with the migration of the BLP from a paper-based system to the EPIC-LA online platform. This online platform is part of the foundational infrastructure needed to develop an intentional, business centered model for the program. To elevate this program from a transaction service to a business centered model, the program must be

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operated in a way that incentivizes participation through connections to resources to help businesses grow and stabilize, while also promoting worker protections and enforcement against bad actors.

Other jurisdictions with formalized offices of labor standards, and similar worker protections, incorporate business licensing authority with their regulatory and investigative branches to assist in the enforcement of local labor laws. The State of California's Department of Consumer Affairs, State of New Jersey's Division of Consumer Affairs, New York's Nassau County Office of Consumer Affairs, and the City of Chicago's Business Affairs and Consumer Protection (BACP) each investigate consumer complaints in their jurisdictions and are able to hold business license holders accountable by enforcing regulations and conducting administrative actions. However, it is equally important to consider that the program can be managed by a team that provides business support services to drive small business development and inclusive economic growth.

I, THEREFORE, MOVE that the Board of Supervisors direct the Chief Executive Office, with comprehensive consultation and coordination from the Directors of the Department of Consumer and Business Affairs (DCBA) and Department of Economic Opportunity (DEO), and in coordination with the Chief Executive Officer (CEO), consultation with County Counsel, the Director of the Treasurer and Tax Collector (TTC), and any other relevant department to report back to the Board of Supervisors in writing within 90 days with a feasibility study that includes, at minimum, the following:

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1. A draft model for the Business Licensing Program that elevates business support services and enforcement, drawing from effective models in other jurisdictions;
2. Recommendations regarding which department would best house the Business License Program, including its Short-Term Rental Program and Business License Commission, and how cross-collaboration between DCBA and DEO can be managed; that would ensure a comprehensive experience for applicants.
3. A funding analysis and staffing plan including executive, programmatic, and administrative staff to support the transfer and successful operation of the BLP, including a plan for office space to house the BLP and its staff within the recommended department;
4. ~~A proposed project plan, including milestones and timeline for transitioning the BLP.~~

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