

ASSEMBLY BILL 2184 (CHIU)

IMMIGRANT BUSINESS INCLUSION ACT

SUMMARY

Clarifies the information required to be collected for issuing business licenses to enhance entrepreneurship and reduce barriers to economic opportunity in California.

BACKGROUND

California has led the nation in advancing bold policies that recognize the contributions of immigrants and the value of integrating all state residents, regardless of immigration status, into the state economy.

Immigrant households represent a substantial share of all 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 GDP, immigrants bring innovation and cultural diversity to our state through entrepreneurship. A 2012 study found that 1 in 3 small business owners in California are immigrants. Meanwhile, another study found that from 2007 to 2011, immigrants in the state founded an estimated 45% of all new businesses.

Yet there are systemic barriers to immigrant Californians seeking economic opportunity through business ownership. For example, the cities where many immigrant business owners reside, including Los Angeles, and almost half of the cities in the Central Valley (across the counties of Fresno, Tulare, Kings, Stanislaus, San Joaquin, Merced, Amador, Kern, San Bernardino and Sacramento), currently require individual applicants for business licenses to provide a Social Security Number (SSN) in their application. This precludes business owners who lack SSNs from formalizing their businesses and filing local taxes.

Business owners who lack SSNs can apply for federal individual taxpayer identification numbers (ITINs), driver's licenses and, in certain cities, municipal identification cards. In San Francisco, the business license application specifically allows for the provision of an ITIN in place of an SSN.

This effort aligns with existing state policy. Changes to statute, through AB 1024 (Gonzalez) in 2013, SB 1822 (Berryhill) in 2014, and SB 1159 (Lara) in 2014, among other recent efforts, allowed applicants for professional licenses to provide and a licensing board to accept a federal identification number, if one has been issued, in lieu of a Social Security Number. Those efforts also prohibited an entity within the Department of

Consumer Affairs from denying licensure to an applicant based on his or her citizenship status or immigration status.

Clarifying that other forms of identification are acceptable for local business license applications is consistent with California's goals to fully integrate immigrants into the state's economy and public life, while also supporting regulatory compliance.

THE BILL

AB 2184 enables integration of immigrant business owners into the state economy and protects the privacy of their personal information by:

- Requiring local governments that license businesses to accept any of the following alternative numbers in lieu of a Social Security Number: a California driver's license or identification number, an individual taxpayer identification number, or a municipal identification number.
- Protecting numbers collected by a local government from disclosure except as required to administer the licensure program or to comply with a state law or state or federal court order.

This bill 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 interest of our state.

SUPPORT

- California Immigrant Policy Center (Co-sponsor)
- Lawyers' Committee for Civil Rights of the San Francisco Bay Area (Co-sponsor)

FOR MORE INFORMATION

Erin Baum | Office of Assemblymember David Chiu
(916) 319-2017 | erin.baum@asm.ca.gov