

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1430**

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**Introduced by Assembly Member Cooper**

February 27, 2015

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An act to add Section 27 to the Government Code, relating to businesses.

LEGISLATIVE COUNSEL'S DIGEST

AB 1430, as amended, Cooper. California family owned businesses. Existing law authorizes state and local entities to regulate businesses within their jurisdiction. *Existing law provides various definitions for various purposes.*

This bill would *define a California family owned business for purposes of any provision of the Government Code that explicitly references this definition. This bill would provide Legislative findings and declarations regarding California family owned businesses.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares the following:
- 2 (a) In 2007, California was home to 1.4 million family owned
- 3 businesses, which employed nearly 7 million people.
- 4 (b) Both large and small family owned businesses have been
- 5 recognized through numerous academic studies as having unique
- 6 characteristics. Those studies verify that family owned businesses
- 7 invest more in their employees in terms of training and benefits,

1 promote more women to high-level management positions, and  
2 are less likely to lay off employees or downsize in tough economic  
3 times.

4 (c) California family owned businesses continually demonstrate  
5 extraordinary commitment to the communities in which they  
6 operate because they are headquartered in the state. California  
7 family owned businesses have been shown to engage in high levels  
8 of local, community-based philanthropic giving, and are strong  
9 stewards of the environment by virtue of their long-term  
10 perspective and sense of duty to past, present, and future  
11 generations within the state.

12 *SEC. 2. Section 27 is added to the Government Code, to read:*

13 *27. (a) For the purposes of this code, "California family owned*  
14 *business" means a business that meets all of the following*  
15 *requirements:*

16 *(1) Is organized as a privately held business by one individual*  
17 *or two or more related persons, or is a partnership of business*  
18 *entities owned by related persons.*

19 *(2) Maintains its principal executive office in California.*

20 *(3) Has been in business for more than 10 continuous years.*

21 *(4) One of the following apply:*

22 *(A) Is owned by a sole proprietorship.*

23 *(B) Is a business entity owned by one individual or two or more*  
24 *related persons domiciled in California who hold a majority of*  
25 *the equity interests.*

26 *(C) Is a partnership of business entities owned by related*  
27 *persons domiciled in California who hold a majority of the equity*  
28 *interests.*

29 *(5) The business is controlled by one individual or two or more*  
30 *related persons who exhibit strategic influence and control of the*  
31 *business by holding the business as a sole proprietorship or by*  
32 *holding a majority of the voting interest.*

33 *(6) Demonstrates an intent to continuously operate as a family*  
34 *owned business in the future through any of the following:*

35 *(A) Present ownership by two or more related persons.*

36 *(B) A previous transfer of ownership or equity interests between*  
37 *related persons.*

38 *(C) Is subject to a written agreement providing for a future*  
39 *transfer between related persons provided that the agreement was*  
40 *executed in good faith.*

1     ***(b) For the purpose of this section, “related person” includes***  
2 *a person who is related by a common ancestor, pursuant to state*  
3 *or federal law up to four generations. Any person related by*  
4 *greater than four generations is included if his or her ownership*  
5 *or operational involvement arose from an exercise of continuity*  
6 *across generations as described in paragraph (6). “Related*  
7 *persons” also includes a parent, stepparent, brother, sister,*  
8 *stepbrother, stepsister, half brother, half sister, adopted person,*  
9 *person born out of wedlock, stepchild, foster child, uncle, aunt,*  
10 *niece, nephew, first cousin, and any person denoted by the prefix*  
11 *“grand” or “great.” A spouse, domestic partner, and the spouse*  
12 *or domestic partner of any person that qualifies as a person related*  
13 *by a common ancestor, pursuant to state or federal law up to four*  
14 *generations, is also included within the definition of “related*  
15 *persons” and shall continue to be included in the event of the legal*  
16 *relationship being terminated by death or dissolution.*

17     ***(c) The definition for “California family owned business”***  
18 *provided in this section shall only apply to provisions in which*  
19 *this section is explicitly cross-referenced.*