

AB 1230 (Gomez)

Small Business ADA Compliance

SUMMARY

Assembly Bill 1230 would establish the California Americans with Disabilities Small Business Capital Access Loan Program, a self-sustaining program to assist small businesses in need of financing to retrofit existing facilities to comply with the federal American with Disabilities Act (ADA).

AB 1230 would also transfer \$50,000,000 from the General Fund to the proposed California Americans with Disabilities Act Small Business Capital Access Loan Program.

BACKGROUND

Existing law provides various programs to expand access to persons with disabilities and promote compliance with the federal ADA of 1990. Existing law also authorizes specified authorities to make loans. The loans are funded by bond issuances to lower the cost of financing certain kinds of projects such as health facilities in order to pass along those savings to the public paying for health care at their facilities.

California small businesses continue to be challenged in acquiring sufficient capital for proactive facility upgrades, retrofits, and other improvements to ensure they are complying with the ADA.

Every year, hundreds of lawsuits are filed against small businesses and “mom and pop stores,” claiming they are violating disability regulations. In fact, more than 40 percent of the nation’s ADA cases are filed in California. Often, these lawsuits are filed by a handful of attorneys, usually in limited jurisdiction, seeking only statutory penalty damages, as opposed to injunctive or remedial relief centered on securing substantial public value for the disability community. This type of predatory litigation arguably weakens the rights of the disabled community by compelling small businesses to spend more money on legal fees and costs than on improving their establishments to improve accessibility.

SOLUTION

Create a loan loss reserve program within the California Americans with Disabilities Small Business Capital Access Loan Program. The loan loss reserve program would be available to qualified lenders assisting small businesses to obtain loans to finance the costs of facility alterations and retrofits necessary to comply with the ADA.

Small businesses would be businesses that have fewer than 15 full-time employees, less than one million dollars in total gross annual income, and does not provide overnight accommodations.

The loans will only be available to cover costs of facility alterations and retrofits and are not allowed to cover the cost of litigation, physical alterations that are not necessary for compliance with ADA or the physical expansion of a business for ADA compliance.

AB 1230 would transfer \$50,000,000 from the state’s General fund to the California Americans with Disabilities Act Small Business Compliance Financing Authority Fund. This initial investment would be seed money for the loans and repayments will make the program self-sustaining.

SUPPORT

John Chiang, CA State Treasurer - Sponsor
 California Citizens Against Lawsuit Abuse
 California Small Business Association
 Civil Justice Association of California
 Consumer Attorneys of California
 City of Thousand Oaks
 Disability Rights California
 National Federation of Independent Business
 Orange County Business Council
 State Farm

FOR MORE INFORMATION

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