



## Florida Has Made Limited Progress in Streamlining Business Processes; One-Stop Portals of Benefit to Some Other States

### *at a glance*

Florida has made limited progress in establishing a master business index to streamline business start-up requirements. Other states have developed web portals that make it easier for businesses to obtain needed start-up licenses, permits, and registrations and have reported benefits to both businesses and the state. If the Legislature chooses to implement a business one-stop portal in Florida, it should consider key success factors identified by other states, including establishing clear system objectives, a strong governance and accountability structure, mandatory agency participation, and provisions for stakeholder input.

### Scope

As directed by the Legislature, OPPAGA examined options for consolidating the business and tax registration functions currently residing within multiple state agencies and establishing an online business one-stop portal.

### Background

Individuals that start businesses in Florida must interact with multiple state agencies to obtain needed registrations, licenses, and tax certificates (see Exhibit 1). For example, a contractor starting a construction company may need to obtain a professional license from the Department of Business and Professional Regulation, apply for tax certificates with the Department of Revenue, and register their corporation with the Department of State. It can be frustrating and time-consuming for

businesses to determine what licenses, permits, and registrations they need to legally operate in Florida, and the process often requires applicants to provide similar information (e.g., name, address, and business type) to multiple agencies. In addition, because agencies may track information in different ways (e.g., using business address versus mailing address), data on businesses may be inconsistent across state agencies.

#### Exhibit 1 Starting a Business in Florida Requires Separate Interactions with Multiple State Agencies

State Agency	Activity
Department of State, Division of Corporations	<b>Business registration</b> – Corporate entities must usually register with the Division of Corporations, and entities conducting business under a name other than their own are required to register their fictitious name.
Department of Revenue, General Tax Administration	<b>Tax certificate(s)</b> – Businesses that sell taxable goods and services must obtain a tax certificate(s) from the Department of Revenue, which administers the collection of 33 taxes and fees, including sales and use, corporate income, and Unemployment Compensation Tax.
Department of Business and Professional Regulation, Professional Regulation Program	<b>Business or professional license</b> – Individuals and companies in many business and professional fields must obtain licenses from the Department of Business and Professional Regulation.
Other state agencies	<b>Other licenses and permits</b> – Individuals and companies in many business and professional fields must interact with other agencies, including the Department of Agriculture and Consumer Services, Department of Environmental Protection, Department of Financial Services, and Department of Health.

Source: OPPAGA analysis.

## Findings

Little progress has been made in streamlining Florida's business start-up process despite legislative directives to do so. Several other states have implemented online one-stop systems that streamline business start-up, which could produce similar benefits if implemented in Florida. The Legislature should consider several issues if it wishes to direct Florida agencies to develop a business one-stop portal.

### ***There has been limited progress in streamlining Florida's business start-up processes***

The Department of State has made limited progress to implement a 1997 legislative directive to streamline the state's business start-up process. The state also has considered but has not implemented options to consolidate state agencies that have business registration functions.

The 1997 Legislature required development of a master business index to streamline the business start-up process. In 1997, the Legislature recognized that state government requirements for establishing businesses were cumbersome and placed an undue hardship on the business community. To address these issues, the Legislature enacted the Florida Business Coordination Act.<sup>1</sup> This act directed the Department of State to develop a master business index, which was to consolidate all business entity records maintained by state agencies and assign a single identifying number to each business to enable agencies to share and easily retrieve business registration and license information.

The 1999 Legislature modified the act to require participating agencies to use, contribute, and share information through the master business index. However, the act does not require state agencies to participate.<sup>2</sup> In addition, the Legislature directed that the master business index be a central index of business entities and list all licenses and registrations held by a business with any

participating state agency. The Legislature also required the Department of State to create a uniform business report for collecting and updating data for the master business index.

Despite Department of State efforts, limited progress has been made to streamline business start-up processes. The Department of State has taken some steps to implement the Florida Business Coordination Act, but it has not yet been successful in doing so. In 1997, the department completed a feasibility study on the act's provisions and concluded that implementation was feasible and would cost approximately \$12 million over three years. However, the department has never requested an appropriation to proceed with implementation.

In 1999, the department created a single business identifier to meet the requirements of the act. However, as no other agency volunteered to participate in this effort, the business identifier is used only by the Department of State and it cannot yet be used to access business registration or license information from other agencies. Also, in 2000 the department implemented a Uniform Business Report to list registration and licensure information for each business. However, as no other agency has participated in this effort, only Department of State data are included in the report.

In 2009, the department renewed its efforts to implement the act by initiating a pilot project with the Department of Business and Professional Regulation. The two agencies agreed to share information related to licensed construction businesses. The Department of State has developed a master business index database that the Department of Business and Professional Regulation can access to obtain information. As of January 2010, the database had been populated with a test set of corporate data, and once test protocols are completed the database will be fully populated with Department of State data.

Once completed, the database will contain demographic information on entities registered with the Department of State and construction licensure information maintained by the Department of Business and Professional

<sup>1</sup> Chapter 97-15, *Laws of Florida*.

<sup>2</sup> Section 606.03(4), *F.S.*, defines "participating agency" as an agency of government, which elects to participate in the exchange of information through the master business index.

Regulation. This information will be searchable by a single business identifier assigned to each entity. The department reports that when the pilot is completed, it will be able integrate information from other agencies interested in participating in the effort.

Despite these recent efforts, because of the little to no participation of other state agencies, the intent of the act to create a central statewide index of business entities and the licenses and registrations they hold has not been realized. The Department of State cites limited funding and the lack of a mandate that all agencies participate as reasons why the intent of the act has not yet been achieved.

The state has considered consolidating state agencies to streamline business-related processes. Over the last decade, the state has considered several proposals to consolidate and streamline state agency business-related functions.

- **1999** – The Senate Committee on Governmental Oversight and Productivity reviewed the reorganization of the Florida Cabinet structure to assess the status and jurisdiction of four departments that were headed by individual cabinet officers.<sup>3</sup> The review proposed dismantling the Department of State and redistributing its programs to other agencies, including merging Division of Corporations functions into the Department of Business and Professional Regulation.
- **2003** – The Legislature considered a proposal to abolish both the Department of State and Department of Community Affairs to create the Department of State and Community Affairs.<sup>4</sup> The intent of this change was, in part, to promote a positive business climate by maintaining efficient and effective business registration activities and to promote the economical and efficient management of public records.
- **2003** – The Governor’s Office of Policy and Budget examined the feasibility of merging the

Division of Corporations and the Department of Revenue’s General Tax Administration program. The study concluded that the entities had similar processes, and integration or merger would increase awareness of tax obligations by corporations.

- **2008** – The Senate Committee on Commerce’s Sunset Review of the Division of Corporations examined previous efforts to merge the division with other entities and recommended continuing to evaluate the efficacy of transferring some or all of the division’s responsibilities to the Department of Revenue and re-evaluating the feasibility, value, and associated costs of implementing a Master Business Index.<sup>5</sup>

The state has not implemented any of these proposals, due in part to opposition by the business community, which has asserted that consolidation is not desirable or necessary. These stakeholders assert that the Department of State’s Division of Corporations has efficient and reliable processes, easily accessible data, and high levels of customer satisfaction, and that transferring the business registration process to the Department of Revenue would discourage new business from locating in Florida due to that agency’s regulatory focus. However, these stakeholders did support the streamlining of business processes through a master business index or other similar system. In addition, our current review found no compelling advantage to transferring the Division of Corporations to the Department of Revenue. This transfer is unlikely to result in a large reduction in staff and there would be costs associated with transferring data systems and creating new business processes.

### ***Several states have implemented online one-stop systems to streamline business start-up processes***

Other states have developed web portals that make it easier for businesses to obtain needed start-up

<sup>3</sup> These agencies included the Department of Banking and Finance, the Department of Education, the Department of Insurance, and the Department of State.

<sup>4</sup> House Bill 1687 – Governmental Reorganization.

<sup>5</sup> *Agency Sunset Review of the Division of Corporations of the Department of State*, Florida Senate Committee on Commerce, Issue Brief 2009-308, October 2008.

licenses, permits, and registrations. Florida could achieve similar benefits from such an initiative, which would result in the virtual consolidation of some processes of the Department of State and Department of Revenue as well as other state agencies.

The Florida Business Coordination Act sought to make it easier for businesses to obtain needed authorizations by creating a master business index that would link all registrations and licenses via a single business identifier. However, under this proposed system, businesses would continue to need to register separately with each agency, often providing the same information to each.

In contrast, several states have established online portals that provide information and tools to help applicants start and operate a business. These one-stop portals allow applicants to enter business-related information one time, which is then shared with all participating agencies and automatically used to complete these agencies' existing

application processes. After completing the online registration process, applicants receive the information and documents necessary to begin operating their business.

As shown in Exhibit 2, several states have established one-stop online business start-up portals. For example, beginning in 2007 Michigan's governor sought to improve the state's business climate by reducing the time it takes businesses to begin operating and to simplify their transactions with state agencies. Michigan's enterprise-wide technology agency led the system design and implementation effort, which became operational in March 2009 at an estimated cost of between \$5 million and \$10 million. The online portal helps applicants determine what business registrations, permits, and licenses they will need; file the needed information online; and obtain tax statements and pay taxes. The web portal also enables businesses to contact a call center for additional information and assistance.

**Exhibit 2  
Several States Have Implemented One Stop Portals to Aid Business Start-up**

State and Implementation Date	Name of System	Participating Entities <sup>1</sup>	Functions
Delaware (2006)	<a href="#">One Stop Business Registration and Licensing System</a>	<ul style="list-style-type: none"> <li>▪ Department of Finance</li> <li>▪ Department of Labor</li> <li>▪ Department of State</li> <li>▪ Department of Technology and Information</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to register and obtain business licenses and register as a withholding agent and for unemployment and workers' compensation</li> <li>▪ Provides a link to the Department of State, Division of Corporations to access incorporation forms and reserve a legal entity name</li> <li>▪ Provides a link to the Internal Revenue Service to receive a Federal Employer Identification Number</li> </ul>
Hawaii (2004)	<a href="#">Business Express</a>	<ul style="list-style-type: none"> <li>▪ Department of Business, Economic Development and Tourism</li> <li>▪ Department of Commerce and Consumer Affairs</li> <li>▪ Department of Labor and Industrial Relations</li> <li>▪ Department of Taxation</li> <li>▪ State Procurement Office</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to register a business and obtain taxpayer and employer identification numbers</li> <li>▪ Provides customer assistance through live chat</li> </ul>
Michigan (2009)	<a href="#">Michigan Business One Stop</a>	<ul style="list-style-type: none"> <li>▪ Department of Information Technology</li> <li>▪ Department of Labor and Economic Growth</li> <li>▪ Department of Treasury</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to determine state requirements, register/start a business, register to pay taxes, pay fees, and update information</li> <li>▪ Has associated customer assistance call center</li> </ul>

State and Implementation Date	Name of System	Participating Entities <sup>1</sup>	Functions
South Carolina (2005)	<a href="#">South Carolina Business One Stop</a>	<ul style="list-style-type: none"> <li>▪ Department of Commerce</li> <li>▪ Department of Consumer Affairs</li> <li>▪ Department of Health and Environmental Control</li> <li>▪ Department of Labor, Licensing, and Regulation</li> <li>▪ Department of Plant Industry</li> <li>▪ <b>Department of Revenue</b></li> <li>▪ Employer Security Commission</li> <li>▪ Office of Regulatory Staff</li> <li>▪ Secretary of State</li> <li>▪ State Library</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to establish and register a business entity, make changes to business filings, file and pay business taxes, register as an employer, and obtain and maintain selected other licenses, permits and registrations</li> <li>▪ Provides customer assistance through telephone, live chat, e-mail, and fax via a help center</li> </ul>
Utah (2003)	<a href="#">OneStop Online Business Registration System</a>	<ul style="list-style-type: none"> <li>▪ Department of Commerce</li> <li>▪ Department of Environmental Quality</li> <li>▪ Department of Workforce Services</li> <li>▪ Labor Commission</li> <li>▪ State Tax Commission</li> <li>▪ Some municipalities</li> <li>▪ <b>Utah Interactive (private contractor)</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to register business name and type and apply for and obtain tax licenses and identification numbers for income tax withholding and unemployment insurance</li> <li>▪ Provides information on obtaining local business licenses, although businesses must complete this process in the local office</li> <li>▪ Provides link to the Internal Revenue Service to receive a Federal Employer Identification Number</li> <li>▪ Provides customer assistance through e-mail and live chat</li> </ul>
Washington (2000)	<a href="#">Master Business Application</a>	<ul style="list-style-type: none"> <li>▪ Department of Labor and Industries</li> <li>▪ <b>Department of Licensing</b></li> <li>▪ Department of Revenue</li> <li>▪ Employment Security Department</li> <li>▪ Some municipalities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Enables applicants to obtain a Unified Business Identifier and apply for over 100 state registrations and licenses, including business and tax registration, industrial insurance coverage, and unemployment insurance</li> <li>▪ Can be used to obtain licenses in some municipalities</li> <li>▪ Provides customized information and forms for specific business licensing requirements and corresponding contacts through a Business Licensing Guide Sheet</li> </ul>

<sup>1</sup> Bold font denotes agency with primary responsibility for system.

Source: OPPAGA analysis of information provided by other states.

The states reported that their online portals had produced advantages to both businesses and state agencies. The states noted that their systems enabled applicants to begin operating more quickly because they could simultaneously file for multiple registrations and licenses and could file needed information at any time and place where internet service is available. The systems also helped improve the states' relationships with the business community, increased state agencies' understanding of each other's data and processes, which could lead to efficiencies, improved data accuracy, and enhanced compliance with state laws and regulations. Several states indicated that their

systems had reduced staff costs and improved revenue collections, but could not provide quantitative data regarding these benefits.

Implementing a business one-stop portal in Florida could yield similar benefits, as well as provide a virtual consolidation of agency functions without the need to merge organizational units and the opportunity to implement a single business identifier. In addition to making it easier to establish a business in the state, such a system could eventually be used to facilitate ongoing processes, such as license renewal and annual reporting.

**Exhibit 3**  
**There Are Several Key Components for Successful One-Stop Initiatives**

Component	Rationale
Leadership support	Articulates vision and objectives and helps ensure progress
System governance and project sponsor	Creates an accountability structure; one entity should be designated as the project sponsor and should receive direction from a steering committee of staff from participating agencies that would provide input into system design and refinement
Agency participation	Mandatory participation ensures that the system incorporates all necessary components
Stakeholder participation	Helps ensure that the system is user-friendly through collaboration with user groups such as small businesses, accountants, and lawyers
Consultant participation	Helps ensure that the system design and implementation is led by staff with needed expertise
Implementation plan with concrete timelines	Promotes accountability and realistic project schedule
Data system analysis	Identifies any needed changes to existing data systems
Funding	Will require additional resources; some other states reported implementation costs ranging from \$3 million to \$10 million

Source: OPPAGA analysis.

***There are several key components to implementing an online business portal***

Considering Florida’s lack of progress in establishing a master business index and our review of other states’ initiatives, we found several components key to implementation of a business one-stop portal. The states noted that it is critical for the initiative to be championed by chief executives, and agency participation should be mandatory. It is important to establish a clear governance structure for the effort, and the system should be designed with the assistance of stakeholders including business groups. Some states have used consultants to manage system design and implementation to ensure that the effort was led by persons with required technical skills. Exhibit 3 lists key components and their rationale.

If the Legislature wishes to direct that the state create an online business start-up portal, it should consider these key components and create a statutory framework to guide the portal’s design

and implementation. Chapter 2009-73, *Laws of Florida*, related to the Unemployment Compensation Claims and Benefits Information System, could serve as a model for this effort, as this act specified project scope, agency roles and responsibilities, and created a governance structure including a project sponsor, steering committee, and implementation plan. At a minimum, the effort should mandate participation by the Departments of State, Revenue, Business and Professional Regulation, and Financial Services.

**Agency Response** \_\_\_\_\_

In accordance with the provision s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Secretary of the Department of State and the executive director of the Department of Revenue for review and response. The Secretary’s written response is included in Appendix A. The executive director’s written response is included in Appendix B.

OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

**OPPAGA Website:** [www.oppaga.state.fl.us](http://www.oppaga.state.fl.us)

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 Gary R. VanLandingham, Ph.D., OPPAGA Director

## Appendix A

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### FLORIDA DEPARTMENT of STATE

**CHARLIE CRIST**  
Governor

**KURT S. BROWNING**  
Secretary of State

February 5, 2010

Mr. Gary R. VanLandingham, Ph.D.,  
Director, Office of Program Policy  
Analysis and Government Accountability  
111 West Madison Street  
Room 312, Claude Pepper Building  
Tallahassee, Fl. 32399-1475

Dear Dr. VanLandingham:

The Department of State agrees with the OPPAGA report stating that no efficiencies could be gained by consolidating the Division of Corporations into the Department of Revenue. We have maintained for years that consolidation would not yield positive results for the State of Florida. Further, the missions of each agency, business formation and tax regulation, are incompatible and counterproductive in encouraging economic growth in Florida.

The Division of Corporations has the highest volume of business entities filings in the United States. We maintain a 24-36 hour turnaround time on filings and have a 95% or higher customer satisfaction rating. We are often praised for being one of the most efficient and responsive organizations in state or federal government. In our view, consolidation would not improve upon the successes of the Division of Corporations.

Thank you for the time and attention your staff contributed to this review. They were diligent and thorough in their approach and we found them to be fair and objective.

Sincerely,

A handwritten signature in blue ink that reads "Dawn K. Roberts".

Dawn K. Roberts  
Assistant Secretary of State/Chief of Staff

**Appendix B**



Executive Director  
Lisa Echeverri  
Child Support Enforcement  
Ann Coffin  
Director

General Tax Administration  
Jim Evers  
Director

Property Tax Oversight  
James McAdams  
Director

Information Services  
Tony Powell  
Director

February 4, 2010

Gary R. VanLandingham, Ph.D.  
Director of OPPAGA  
The Florida Legislature  
111 West Madison Street, Room 312  
Claude Pepper Building  
Tallahassee, Florida 32399-1475

Dear Dr. VanLandingham:

I want to thank you for the opportunity to respond to OPPAGA's report:

***Florida Has Made Limited Progress to Streamline Business Processes; Other States Have Realized Benefits from One-Stop Portals***

The Department of Revenue agrees with OPPAGA's recommendation that the State of Florida should develop an online one-stop portal for businesses.

Creating such a portal would simplify the registration and filing requirements for businesses and improve coordination between state agencies. In addition to reducing the burden on businesses, a centralized portal would improve overall tax and regulatory compliance. This proposed system would also improve the quality of information available to state agencies, and it would eliminate multiple agencies from duplicating the same effort of maintaining social data.

We also agree that a governing board should be formed to determine the business requirements needed by all agencies, including confidentiality and frequency requirements. Better understanding each agency's business requirements will help determine the appropriate agency to lead this effort, and the most cost-effective solution to implement this proposed system.

We appreciate the opportunity to be of assistance to you. If you have any questions regarding this response please contact Teresa Wood, Director of Auditing, at (850) 487-0701 or [WoodTe@dor.state.fl.us](mailto:WoodTe@dor.state.fl.us).

Sincerely,

Lisa Echeverri

LE/tw

- cc: Jeff Kielbasa, Deputy Executive Director
- Jim Evers, Program Director, GTA
- Robert Babin, Legislative Affairs Director
- Maria Johnson, Deputy Program Director, GTA
- Sharon Doredant, Inspector General
- Teresa Wood, Director of Auditing

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