Secretaries of State Open for Business: New Initiatives to Reduce Red Tape, Create State Business Culture for Success

By Kay Stimson

Can cutting red tape in state government really make a difference when it comes to job creation and business support? At a time when many states are seeking ways to encourage economic growth and stability, secretaries of state are making efforts to ensure that state filing and licensing offices are business-friendly and streamlined for success through business one-stops, fee reductions and other incentives.

Iowa Secretary of State Matt Schultz wants to send a bold message to would-be entrepreneurs in his state: His office is open for business. As part of his efforts to create a more user-friendly business registration process, he proposed new legislation that would create an Iowa Start a Business Month. If the promotion gets the green light, his office would be able to waive or reduce the fees required to form a new business in the state. Schultz is convinced these incentives, coupled with efforts to streamline business registration and regulatory processes, will help boost commerce and cement the state’s reputation as an incubator for successful companies.

“Iowa has very competitive fees already, but the idea is to let people know that we are serious about limiting the costs of starting a business and getting sole proprietors to take advantage of incorporating to protect their assets and reduce their liabilities,” said Schultz. He also plans to use his office to gather information on the types of businesses that exist in Iowa so leaders can more accurately track the business sectors that are growing in the Cyclone State.

Meanwhile, Colorado Secretary of State Scott Gessler has taken the initiative to help attract out-of-state-companies looking to do business in his state. In August 2011, his office made it easier for out-of-state-companies to do business in Colorado by taking the filing process online. His office announced a corresponding “fee holiday” for these filings, allowing them to pay just $1 instead of the usual $125 fee for three months. The result? A slew of positive national publicity and a lot of interest from new business.

At a time when surveys by the U.S. Chamber of Commerce and other business trade associations show that small business owners are increasingly frustrated with government bureaucracy and over-regulation, secretaries of state are streamlining how businesses interact with state governments. Secretaries of state typically oversee business filing, reporting and licensing functions in states. It is an important time for states to be undergoing this transformation, they point out, because the economic downturn has made the creation and protection of jobs a priority at every level of government in almost every state. From reduced filing fees to new websites that connect businesses to multiple state agencies and eliminate bureaucratic confusion, the ultimate goal is to reduce the time and expense of dealing with state government agencies while creating a culture that is friendly to business creation and expansion.

“This is really an area where secretaries of state can reach out to state legislators and the business community to let them know how state business services offices are relevant to discussions on job growth, entrepreneurship and economic development,” Iowa’s Schultz said.

Developing Incentives and Resources for Business

In Oregon, which is well-known for protecting the natural environment, Secretary of State Kate Brown is promoting her idea for maintaining the business environment. Brown has been leading the effort to develop Oregon’s Central Business Registry into a one-stop, online resource for businesses. The idea is simple: Enable businesses to obtain or renew most, if not all, licenses, fees and permits required by state government from a single location. It also would include centralized payment processing and inquiries. In a state where the most recent unemployment rate of 8.9 percent is slightly higher than the national average, Brown’s ultimate goal is to create jobs and put Oregonians back to work.
“By streamlining bureaucracy for businesses, we can actually contribute to the growth of Oregon’s economy,” said Brown, who hopes to use auditing tools to develop best practices on regulatory streamlining. “The easier and more convenient it is to navigate state government, the more we can encourage citizens to build their business here.”

Brown is not alone in her efforts. Florida leaders hope to launch the state’s business one-stop Web portal in 2012, making it one of more than a dozen states to offer such a site; others are Delaware, Kentucky, Michigan, Montana, Nebraska, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Utah, Virginia and West Virginia. State agencies typically share the information obtained through these portals so business owners do not have to go from agency to agency. Secretaries of state say the enhanced features of one-stops are particularly helpful for small businesses, which can comprise up to 80 or 90 percent of all businesses in a state and are the source of many new jobs. They also point out that business one-stops can pay dividends for state governments.

“Our business one-stop has made it easier for businesses to navigate through the state agencies’ requirements in a single location for establishing and running a business, resulting in increased compliance and fewer rejections of filings,” said South Carolina Secretary of State Mark Hammond. “Now with data uniformity, we can better evaluate potential new system improvements that will benefit the business community and other taxpayers.”

Similar to a business one-stop, Rhode Island Secretary of State A. Ralph Mollis has introduced an online, master business application for start-ups, which he dubbed Quick Start. Entrepreneurs looking to start businesses ranging from car dealerships to restaurants can find and complete in a single location every one of the more than 300 forms that state agencies can require. Quick Start has quickly become one of the most visited pages on the secretary of state’s website. Mollis’ office even worked with agencies to eliminate or consolidate their forms.

“Quick Start cuts red tape and paperwork,” Mollis said. “Our goal is to make it easier to do business in Rhode Island.”

West Virginia Secretary of State Natalie Tennant said minimizing regulatory hoops and making the business filing process faster and more convenient really can make an impact in today’s conditions. Her office has seen the number of annual reports filed online nearly double as her office has made the process more efficient and added new resources to attract traffic. The improvements have reduced the time state employees spend dealing with non-compliant businesses that may or may not be paying attention to state deadlines and other requirements.

In fact, one of the most popular offerings on her website is a live, interactive chat helpline that allows business owners throughout West Virginia to communicate one-on-one with a business and licensing specialist. The service has enabled hundreds of new and seasoned business owners to log onto the Internet and get quick answers to their questions about filing with the state, along with additional tips and deadline reminders. The secretary of state’s office also offers a four-minute tutorial video that takes business owners through the online filing process step-by-step.

“We want business owners to spend as little of their valuable time on paperwork as possible,” said Tennant, “so they can get back to running their business and keeping our state’s economy strong.”

As part of their business outreach and incentive efforts, some secretaries of state are also making a concerted effort to tout the success of small businesses in their state. Ohio Secretary of State Jon Husted’s office launched the Ohio Business Profile using a variety of social media platforms to raise awareness about Ohio companies that are creating interesting products, offering outstanding service, contributing to their local communities and employing Ohioans in the process. Tennessee Secretary of State Tre Hargett is using his office’s website for similar purposes; he’s launched a new program called Tennessee Business Spotlight.

**Working with State Legislators**

Nearly all secretaries of state who oversee state business divisions say streamlining bureaucracy to assist business can be significantly aided by partnerships between the secretary of state’s office and state legislators. In California, the state assembly allocated approximately $1.2 million in budgetary savings to the secretary of state’s office to ensure speedier processing of business filings. A 2011 law in Kentucky requires a periodic assessment of the state’s new business one-stop website to be delivered to the general assembly, the secretary of state and the governor. Most recently, Georgia Secretary of State Brian Kemp has approached legislators with a proposal to streamline how his state regulates various professions. Kemp’s plan would decrease the amount of time currently required to issue new licenses and review deficient applications, so qualified Georgians can get to work and start new businesses sooner.
“Legislators can serve as a powerful conduit for communication between state agencies and the business communities they serve,” said Oregon’s Brown, who served in both the Oregon House of Representatives and Senate before becoming secretary of state. “If we can work together to develop legislation that helps business, solves agency issues or simply provides resources for state business registration and filing efficiency measures, we can make a big impact on the health of our state economy.”

For his part, Iowa’s Schultz hopes the legislature will work with him to establish Iowa Start a Business Month. If that venture is successful, he plans to look at other ways to increase the number of businesses registered in the state and new ways to conduct outreach with existing businesses.

“These are modern-day strategies for secretaries of state who want to help new businesses—as well as existing ones—weather uncertain financial conditions,” said Schultz. “Reaffirming that your state is the right place to create a business, grow that business and maintain its base of operations is critical to remaining competitive.”

About the Author

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