STATE OF CONNECTICUT BUSINESS ONE STOP REPORT HB 5440

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An act concerning business registration, licensing and permitting through the state's electronic business portal

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Foreword

Owning and operating a business is an all-encompassing activity for most business owners. Today's world is incredibly competitive and meeting customer demands must be the primary focus in order to survive. No business owner has the time to become an expert in the myriad of agencies, forms, and processes required to open a business in Connecticut.

The State of Connecticut must make the process of opening a business in the state easy for all, from the most experienced business owner to the first-time entrepreneur. Without major changes to these processes, the future businesses that are critical to our economic recovery will simply establish themselves elsewhere. Every minute that we can provide back to a business owner is one that they will spend growing their business.

The Business One Stop solution, described in this report, is a targeted, streamlined approach that leverages agency best practices and the efficient use of State resources to offer a more effective, more organized, and more "business-friendly" registration experience.

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Executive Summary

The State of Connecticut *Business One Stop Report* is the result of legislation signed into law in June of 2018. The legislation is based on legislators' efforts to gather feedback on the current state of Connecticut's "business friendliness." Businesses provided thoughts on what they liked, what they didn't like, and what they thought would improve the business climate.

In June of 2018, Governor Daniel Malloy signed into law a bill that required the State to study the potential of a system to enable individuals to register and pay for the formation of a new business. The legislation specified that this new business registration system must:

1. Allow a business to create a single online account connected to multiple state agencies.
2. Allow a business to register with and apply for and renew licenses and permits from such agencies through such system.
3. Allow a business to pay any registration, license or permit fees through such system.
4. Include a messaging component that allows such agencies to provide notifications to a business about the status of any business registrations, licenses, permits and applications.

The purpose of this report is to:

1. Describe other state government Business One Stop initiatives.
2. Describe a potential Business One Stop solution for Connecticut, its components, and project scope.
3. Describe agency challenges and opportunities in support of a Business One Stop solution.
4. Provide a high-level summary of the cost of other state government Business One Stop initiatives.

The Business One Stop solution outlined in this report automates the business and tax registration, licensing and permitting processes, and includes the following features:

- Business Filing Paths
- Common Data
- Common Identity (Identity Management)
- Credit Card Payment
- Notifications
- E-Commerce (Shopping Cart)
- Single Sign On (SSO)
- Status Tracking
- User Profile

Business One Stop solutions implemented by other states have provided a range of benefits including:

- Increasing the number of online business formations through the Secretary of State over 100% during a six-month period. (Indiana's IACA Merit Award Submission, n.d.)

- Increasing the Secretary of State's revenue approximately 120% during a six-month period. (Indiana's IACA Merit Award Submission, n.d.)
- Increasing the total payments received by the Department of Revenue over 1000% during a six-month period. (Indiana's IACA Merit Award Submission, n.d.)
- Reducing business formation approval times for online filers from 10 weeks to 1 day. (Maryland Business Express Suite Overview, 2018)
- Increasing business filings via a mobile device to 20%. (Maryland Business Express Suite Overview, 2018)

The Business One-Stop solution described in this report is estimated to cost between $12 million and $20 million over a three-year period of time.

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Introduction

Background

The last decade has seen substantial growth in the use of digital tools and technology in the private sector: from the use of smartphones and smart devices to drones and AI. Some states have begun to dedicate significant resources towards transforming government from agency-specific services to a digital government providing more self-service online and mobile services.

As stated in *Delivering the digital state: What if state government services worked like Amazon*, "Well-designed digital services encourage customers to engage with the public sector in ways that help government achieve its own goals." (Eggers and Hurst, n.d., p.4)

The article continues that the transformation from traditional to digital government requires the following elements:

1. An end-to-end digital experience developed from the customer's point of view, accessible anywhere, anytime, from any device.
2. A unique, uniform digital ID that grants agencies access to the appropriate data and services.
3. Mechanisms that allow agencies to share data across the state enterprise. (Eggers and Hurst, n.d., p.3)

As state governments implement digital services, one of the more prominent, and beneficial propositions, is the formation of a business portal or "business one stop" to better serve a state's business community. "Business One Stop" capabilities can range from the simple organization of business registration documents and information links to more robust and feature-rich environments that enable individuals to register and manage their businesses completely online.

Citizens continue to drive the use of technology for their benefit, and state governments must respond by building online capabilities that enable individuals to quickly and easily register and manage their business online (Grancius, 2017). Businesses want a "web-based, one-stop shop where they can sign in one time, and be presented with all their state business-licensing requirements." (Office of the Chief Information Officer, 2012, p.3) They want, "a streamlined, simple process for identifying the forms, registrations, licenses, permits, tax payments and other filings they are required to submit under state law." (National Associated of Secretaries of State, 2014, p.7) People are looking for "a customer-oriented process that generates information to help them maintain their business compliance levels" as well as provide "software wizards that help them pre-fill multiple government forms with their basic information." (National Associated of Secretaries of State, 2014, p.7)

A critical first step in implementing a Business One Stop is to assess existing business processes and regulations and revise as needed based on the goals and scope of the Business One Stop solution that a state has chosen to implement. Both Delaware and Pennsylvania dedicated significant effort and resources to execute these activities prior to beginning the actual work to design and develop the Business One Stop solution:

- The Delaware Department of State embarked upon an aggressive new customer service approach by earning International Organization for Standardization (ISO) 9001 certification to improve its operations, give customers confidence, and make the state more competitive for business worldwide. The state's efforts included a division-wide self-assessment, defining mission and values, examining and modifying work processes and improving outcome measures for the agency. One of the Department's newer offerings, expedited services that can be completed in 30 minutes, allows the state to earn additional revenue while providing value to business. (National Associated of Secretaries of State, 2014, p.9)
- A 2012 Pennsylvania law, Act 76, requires the Department of State and other state agencies to identify and assess the effects of proposed regulations, including: the number of businesses affected by the proposed regulation, the financial, economic and social impacts of the proposed regulation on small businesses, the cost for small businesses to comply with the proposed regulation and the methods by which a state agency can reduce the proposed regulation's negative impact on small business. (National Associated of Secretaries of State, 2014, p.10)

Once the assessment and required revisions were completed, states could then turn their attention towards defining the project scope, determining the project approach, and beginning to capture requirements as a prelude to the design phase of the project.

Though there are several Business One Stop examples that can be used as a benchmark, Maryland's Business Express One Stop implementation is a good example of a successful one stop solution.

Maryland Business Express

Maryland is an award-winning example of a state that identified the need for a Business One Stop based on business community feedback. (Grenslitt, 2018)

With support from the Governor's Office and multiple agencies (e.g., Department of Commerce, Department of Assessments and Taxation, Department of Labor, Licensing and Regulation), Maryland identified goals and a set of principles that guided the effort to design, develop, and deploy its version of a Business One Stop called the Maryland Business Express.

Its goals were to:

1. Eliminate barriers for citizens in starting and growing a business in the State of Maryland. A business idea can be quickly transformed into reality using resources of one website. Entrepreneurs can submit their business filing and receive approval within a day – not the 1-2 months previously reported by the partner agency. Creation started with a basic, proven customer need and adding enhancements to the application over time using survey feedback, power-user outreach, and customer service performance tracking.
2. Provide authentic business documents immediately and online for any customer wanting to interact with a business based in Maryland.
3. Reduce overhead for partner agencies through the elimination of paper filings and in-person visits. Digital filings reduce data entry errors through the use of field validation, useful tool-tips, and an intuitive workflow. Retrieval of digital documents and filing data for research and

reporting purposes is real-time. Digital document storage is less costly than physical document storage.

4. Provide the agency with a realistic vision of a single application that will communicate with citizens on behalf of many agencies. (NIC, 2018)

Based on NIC's "Maryland Business Express Suite: Self-Funded eGov Services Overview," Maryland was able to build and deploy a Business One Stop platform composed of the following major components and capabilities:

- Maryland Business Express Portal
    - Business registration for the following business entity types:
        - Sole Proprietorship
        - General Partnership
        - Limited Liability Company
        - Stock Corporation
        - Tax Exempt Non-Stock Corporation
        - Close Corporation
        - Foreign LLC
        - Foreign Corporation
        - Trade Name
    - Purchase of certificates and certified documents.
    - Online Business Search
    - Penalty Payments
    - Resolutions and Cancellations
- Annual Reports and Personal Property Return Filings
    - Online business filings for the following:
        - Annual Business filing
        - Personal Property Return
        - Previous Year Annual Business filing
        - Previous Year Personal Property Return filing
- Uniform Commercial Code System
    - File, search, and order certified documents for the following types:
        - UCC-1 Financing Statement
        - UCC-3 Amendment
        - UCC-3 Assignment
        - UCC-3 Termination
        - UCC-3 Continuation
        - UCC-5 Information Statement

As a result of implementing the Business Express, Maryland has realized the following benefits (NIC, 2017):

- 526,198 transaction processed.

- $60,090,251 in statutory fees processed.
- Reduced business registration processing time from 10 weeks to 1 day.

Maryland continues to update and enhance the Maryland Business Express to this day by adding new features and services that add value to its Citizens:

> The Maryland Department of Assessments and Taxation (SDAT) has updated its award-winning Maryland Business Express (MBE) site to now allow online filings of resolutions, which add, edit, or remove a resident agent and change the principal office location for businesses. (Maryland Department of Assessments and Taxation, 2018)

Trends

Recent trends in digital government have served to make the transition to a single business registration environment easier and more palatable:

- Traditional services and documents are going digital
- Focus on the customer experience
- Primed and Ready for the As-A-Service World
- Event-Driven
- Online Services are continuing to streamline backoffice operations and save money

Traditional services and documents are going digital

State governments are moving away from paper to electronic copies of applications, forms, etc. The intent is to make business processing more portable and, hopefully, more secure since paper lacks the security of its digital twin.

> A growing number of states are moving not only their document input forms onto mobile devices, but transitioning the documents themselves into digital formats … The benefits of having a driver's license available on a smartphone include the ability to update information without needing to issue a new card, and improved security and privacy for the card-holder. (Statescoop Staff, 2018, p.2)

Focus on the customer experience

Instead of focusing on content and imagery, IT departments and agencies are turning their attention to the customer, whether it be a Citizen, vendor, government employee or foreign contact. The idea is to design and build the state's digital presence with the customer not simply in mind but FOR the customer.

> More and more local government agencies will fully automate citizen services, as technologies like e-signatures and online payments become more cost effective and easier to integrate with front-end web experiences. Government websites will become service-based portals, with all key services featured prominently on the homepage and accessible via a highly intuitive and simple interface. (Guest Columnist, 2018)

Primer and Ready for the As-A-Service World

Much like the myriad of services Amazon, Google, and other technology companies provide to customers, state governments need to thoughtfully build and deploy discrete, focused services that stakeholders can easily understand and use.

> Today's tech landscape exists as an 'as-a-service' world. From desktop-as-a-service, software-as-a-service, infrastructure-as-a-service, and beyond, the cloud has ushered in an era where any conceivable type of technology solution can be delivered much like the utility services that power your home … Customers want the flexibility the model allows, fast and reliable service, predictability and skill to back it all up. (CompTIA, 2018)

Event-Driven

Business events, like the submission of an application or the payment of a tax, are critical components of all business one-stop solutions. It is imperative that the technology platform deployed within the State's infrastructure support these "events" as successful business registration requires the involvement of multiple agencies.

> Digital businesses rely on the ability to sense and be ready to exploit new digital business moments. Business events reflect the discovery of notable states or state changes, such as completion of a purchase order. Some business events or combinations of events constitute business moments — a detected situation that calls for some specific business action. The most consequential business moments are those that have implications for multiple parties, such as separate applications, lines of business or partners. (Panetta, 2017)

Online Services are continuing to streamline backoffice operations and save money

The move towards online services, when designed and implemented correctly, provide significant benefit in reducing backoffice processing and resources.

> The Maine Online Sportsmans Electronic System is a no-frills website that allows residents and visitors to apply online for hunting and fishing licenses and permits. But since being deployed in 2016, that simple website has transformed how the state operates. Entirely funded by statutory agent fees, the website now handles 40 percent of the states license and permit sales. The state reports that a shift to online sales has generated savings on printing and staff time. Since being launched, the state estimates the website has saved the state more than $1.5 million. (Statescoop Staff, 2018, p.3)

Current Environment

From an online perspective, the business registration process can be daunting. There are multiple steps that must be completed in a specific order with the registrant bearing the burden of ensuring tasks are completed accurately and on time.

Prior to beginning the registration, the registrant should complete the following tasks:

- Choose a business name and verify it is available for use.
- Find a location for the business (if applicable).
- Contact the town offices in the municipality where the business will be located and satisfy any required planning and zoning, health, fire or other town requirements.

Once the items above have been completed, the registrant can begin the online registration process:

1. Secretary of the State – Register the business structure or entity (e.g., LLC, Corporation) with the Secretary of State's Office.
2. Department of Revenue Services – Register Tax ID numbers with the Department of Revenue Services.
3. Department of Labor – Complete Form UC-1A if the business will have employees.
4. Various agencies – Apply for professional or trade license(s) with the required agency or agencies (as applicable).
5. Various State and Local Government agencies – Apply for permit(s) with the required agency or agencies (as applicable).
6. Obtain Workers Compensation insurance and other business insurance as applicable.

The primary issue with the business registration process is that the State does not adequately communicate the business registration process and the tasks the registrant must complete in sequential order.

For example, all registrations must begin by filing the business structure or entity with the Secretary of State's Office. Only when the filing has been approved should the registrant then seek to register the Tax IDs with the Department of Revenue Services. Some registrants incorrectly believe that by filing with the Secretary of State's Office, the business's Tax ID has also been created. (B. Wallace, personal communication, December 13, 2018) Conversely, if a registrant registers the business Tax IDs first, some think that the business entity has also been formed. (B. Wallace, personal communication, December 13, 2018)

Licenses and permits present their own set of challenges based on the number of agencies issuing professional and trade licenses and permits. Again, the State does not provide registrants with a centralized repository or information center to explain the required license(s) and permit(s) based on the registrant's business. Compounding this problem is the fact that various local governments also have permitting processes depending on the type of business in question.

In addition, agencies do not share data so every registrant is responsible for ensuring that the specific agency's registration, licensing and permitting requirements (as applicable) are met, and that any reporting requirements specified by the agency are also satisfied.

In an effort to provide better direction and guidance to businesses, in 2016 the Secretary of State created a "Business Startup Tool" to help registrants more easily and quickly form businesses in the State. While the tool provided some benefit in centralizing basic business registration information, it

lacked access to the universe of licenses and permits many businesses need in order to register that business with the State.

Legislation

In March 2018, a bill was presented to the Legislature that attempts to resolve the issues with business registration, licensing and permitting expressed by Connecticut's business community. The purpose of the bill was to make it easier for individuals to form businesses by improving and streamlining the registration, licensing and permitting process. Many individuals indicated that the permitting and licensing process is difficult due to varying Agency requirements and systems. The bill aimed to improve the business registration process by creating a one stop permitting portal where individuals could register their business and then access the required licenses and permits. The intent was for individuals to decrease the time spent forming a new business and more time on growing the business and creating jobs.

In June of 2018, Governor Malloy signed into law H.B. 5440 that requires the State to study the potential of a system to enable individuals to register and pay for the formation of a new business.

The full text of the bill is as follows:

"AN ACT CONCERNING BUSINESS REGISTRATION, LICENSING AND PERMITTING THROUGH THE STATE'S ELECTRONIC BUSINESS PORTAL.

Section 1. (Effective from passage) (a) The information and telecommunications systems executive steering committee, established in subsection (b) of section 4d-12 of the general statutes, in consultation with the Commissioner of Economic and Community Development and the Connecticut Economic Resource Center, shall study the expansion of the state's electronic business portal, established pursuant to section 3-99d of the general statutes, to serve as a centralized and streamlined business registration, license and permit filing system. The goals of such system shall include, but not be limited to, shortening agency processing time and improving communication among state agencies and between state agencies and businesses. Such system shall: (1) Allow a business to create a single online account connected to multiple state agencies; (2) allow a business to register with and apply for and renew licenses and permits from such agencies through such system; (3) allow a business to pay any registration, license or permit fees through such system; and (4) include a messaging component that allows such agencies to provide notifications to a business about the status of any business registrations, licenses, permits and applications. Such system shall allow agencies to maintain their own back-end databases for managing business registrations, licenses and permits."

There are four critical components to this new system:

1. Enable a business to create an online account connected to multiple state agencies
2. Enable a business to register with, apply for and renew licenses and permits from multiple agencies
3. Enable a business to pay any registration, license or permit fees through this system

4. Enable a business to receive notifications from multiple agencies about the status of business registrations, licenses, permits and applications.

Definitions

The following is a list of terms and definitions that apply to the Business One Stop solution:

Core Agencies

The following are the core State of Connecticut agencies for the purposes of this solution (as determined during Working Group meetings held in October and November of 2018):

- Secretary of State's Office
- Department of Revenue Services
- Department of Labor
- Department of Consumer Protection

Digital Government

Digital government "refers to the use of digital technologies, as an integrated part of governments' modernization strategies, to create public value." (OECD, 2014, p.6)

License

A legal requirement to obtain government credentialing prior to engaging in a trade or profession. (C. Drake, personal communication, November 7, 2018)

PCI (Payment Card Industry)

The Payment Card Industry Data Security Standard (PCI DSS) is a set of security standards designed to ensure that ALL companies that accept, process, store or transmit credit card information maintain a secure environment. (PCI FAQ, n.d.)

Permit

A legal requirement to obtain permission from the government to engage in a specific activity. (C. Drake, personal communication, November 7, 2018)

Registrant

The individual (acting on their own behalf on behalf of a third party) completing the required business registration information and submitting this information to the required state agencies. For the purposes of this report, "individual" and "registrant" can be used interchangeably.

Registration

A legal requirement applied to a specific group of persons to provide the government with specified information. A registration does not confer any rights and is solely intended to be a formal government requirement (C. Drake, personal communication, November 7, 2018).

Tier 1

Basic help desk resolution and service desk delivery. (Hertvik, 2016)

Tier 2

In-depth technical support. (Hertvik, 2016)

Assumptions and Constraints

The following is a list of assumptions and constraints that will govern the design, development and implementation of a Business One Stop solution:

- The project will utilize LEAN principles to identify and implement value-added process changes across agencies.
- The project will utilize Agile principles (and other software development methodologies as determined by the project team) to define requirements, design and build the application, and deploy the application to a production environment.
- The project team (comprised of business and technical resources) will make the final determination as to the project approach, schedule and scope.
- All impacted agencies will identify and make available subject matter experts in the business registration process. SMEs must understand business registration policies, procedures and processes and be able to produce detailed process workflows as they relate to business registration.
- Some agency systems will require remediation in order to integrate with the Business One Stop solution. The scope of the remediation effort for each agency will be determined during the Assessment Phase of the project.
- Consistent, planned collaboration with the business community (i.e., individuals starting a new business, bulk/third party filers) is required and must be executed during all project phases.
- This application will not replace any of the Agency systems currently being used today. All Agency systems used in the business registration process will continue to be the source systems or systems of record.
- The Administration will identify a governing body and governance model to ensure all impacted agencies participate and support the project.
- During the Assessment Phase of the project, all impacted agencies will identify and assess current business process challenges and make recommendations for resolution.
- The State of Connecticut will leverage any existing tools, information, and resources as part of the One Stop design, development and implementation.

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Business Registration – Agencies

This is the complete list of agencies with a required role in the business registration process. Next to each agency is the type of role that agency has:

1. Secretary of State (SOTS) – Business Registration
2. Revenue Services (DRS) – Business Registration
3. Labor (DOL) – Business Registration
4. Consumer Protection (DCP) – Business Function, Occupational, Trade
5. Public Health (DPH) – Occupational and Trade
6. Energy and Environmental Protection (DEEP) – Business Function, Occupational, Trade
7. Agriculture (DOAG) – Business Function
8. Agricultural Experiment Station (CAES) – Business Function
9. Emergency Services and Public Protection (DESPP) – Business Function, Occupational, Trade
10. Banking (DOB) – Business Function, Occupational, Trade
11. Insurance (CID) – Business Function, Occupational, Trade
12. Transportation (DOT) – Business Function
13. Motor Vehicle (DMV) – Business Function
14. Public Utility Regulatory Authority (PURA) – Business Function
15. Education (SDE) – Business Function, Occupational
16. Higher Education (OHE) – Business Function, Occupational
17. Office of Early Childhood (OEC) – Business Function
18. Children and Families (DCF) – Business Function
19. Administrative Services (DAS) – Business Function
20. Office of Chief Medical Examiner (OCME) – Business Function, Occupational
21. State Ethics (OSE) – Business Function, Occupational
22. Office of State Health Care Access (OHCA) – Business Function
23. Workers' Compensation Commission (WCC) – Business Registration

Business Registration refers to any required business registration task that agency may have. For example, the Secretary of State registers all business entities.

Business Function refers to any required service-based task that agency may have. For example, the Department of Administrative Services requires permits for specific building and construction activities.

Occupational and Trade refers to any required license that agency may issue. For example, the Department of Consumer Protection issues licenses for real estate brokers and salespersons.

Note: There are many local government business requirements that must be met to open a business depending on the type of business. These requirements are not within the scope of this report; however, a future solution that handles these requirements would be beneficial to the business community.

Proposed Solution

The following solution is one option out of many available to the State. It is not fully designed nor vetted, requires additional buy-in from the new administration, and has been provided for directional purposes and discussion only.

The Business One Stop solution consists of multiple components designed to enable individuals (i.e., registrants) to more easily and more quickly file business and tax ID registrations, licenses, and permits online.

The Business One Stop application will:

- Provide a single sign-on capability that will grant access to the Business One Stop solution and all other Agency systems.
- Enable registrants to create a "user profile" through which the user can execute global tasks (e.g., change business and personal information) that will be recognized across all State Agency systems.
- Enable a registrant to file for the required Tax IDs (Federal and State) as well as all other required business taxes.
- Ensure that the registrant completes the registration process (i.e., complete and submit online applications and forms) in the correct order.
- Provide a checklist of required items (e.g., applications, forms) that need to be completed to register the business, register for Tax IDs, or acquire a license or permit.
- Enable a registrant to save their progress at any point in the business registration process.
- Provide electronic notifications to the registrant and all impacted agencies when communicating registration status and other critical registration information.
- Track the status of specific registration, tax, licensing, or permitting items and communicate the status of every business registration item to the impacted agencies.
- Enable registrants to put business and tax ID registration, licensing, and permitting items into a "Shopping Cart" for later purchase.
- Integrate with an industry-standard credit card processing merchant for payment handling.

The components of the Business One Stop solution are:

- Website
    - Individuals can easily find information about:
        - Business Registration
        - Tax ID Registration
        - Licensing and Permitting
        - Connecticut Statutes
        - Business Plans
        - Financial Assistance
    - Individuals can login and access the Business One Stop application.
- Application

- The Business One Stop application through which individuals will be able to:
  - Register a business.
  - Register for Tax IDs.
  - File for professional and trade licenses.
  - File for permits.
  - Complete other business activities.

Website

The Business One Stop website will be designed as a mobile-friendly, responsive website that will be accessible by multiple electronic devices including desktop, laptop, smartphone, and tablet.

The website will provide links to publicly-accessible business registration tasks and information similar to what is currently displayed on the Business Startup Tool (https://www.concord-sots.ct.gov/CONCORD/index.jsp) today:

- Legal Existence
- Filing Fees
- Search Business Records
- Search UCC Records
- Search Trademark Records
- FAQs
- Useful Links

The website will also provide registrants access to information from federal, state, and private organizations. For example:

- Federal
  - Small Business Administration
  - Internal Revenue Service
- Private
  - Connecticut Innovations
  - CT Community Investment Corporation

This is not an exhaustive list of the publicly-accessible links and information to be displayed on the Business One Stop website as the final list will be determined during the Requirements Phase of the project.

Application

The Business One Stop application will provide registrants with the ability to complete business registration, tax ID registration, licensing, and permitting tasks online by requiring registrants to select one of the following business filing paths:

- Wizard
- Express

Each path is designed for a specific business registration audience and is explained in greater detail in the Business Filing Paths section below.

The following is a list of the tasks registrants can complete within this application. The final list will be determined during the Requirements Phase of the project.

- Registration
  - Create/View business filings
  - Register/View Tax IDs
  - File/View business taxes
  - File/View annual reports
  - Create/View Online filings
  - Get legal existence
  - Order/View documents
- Licensing
  - File/Renew and View licenses
- Permitting
  - File and View permits
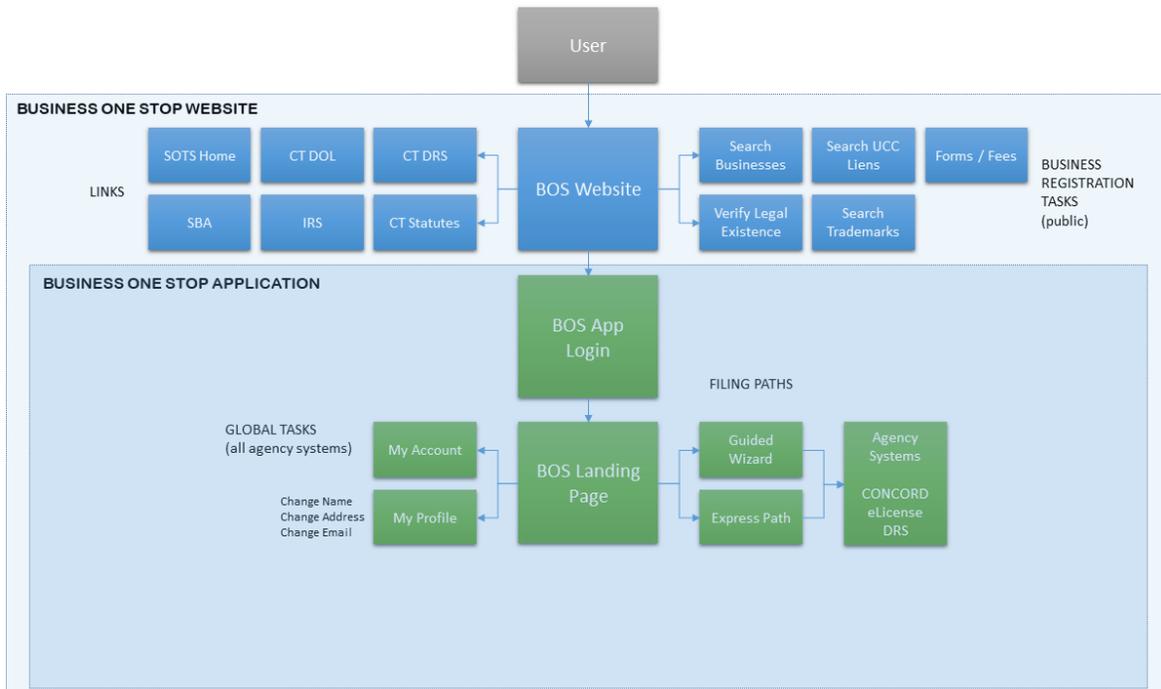
Figure 1 High Level Diagram of Business One Stop

Features

Business Filing Paths

All registrants, regardless of prior business registration experience, will log into the Business One Stop application and then choose one of the following paths:

1. Wizard
2. Express

The Wizard path is intended for new registrants (or self-help users) who have not or do not file business registrations regularly. This path works as follows:

1. The registrant registers and creates a User Profile for the Business One Stop application.
2. The registrant logs into the Business One Stop application.
3. The application asks the registrant a series of questions intended to generate a "checklist" of items the registrant must complete in order to successfully register. This checklist is generated so that each item is listed in the correct order required for successful registration. As an example, all business registrations begin with the formation of the business entity in the Secretary of State's online system (CONCORD).
4. The registrant selects and completes each item in the checklist. The application brings the registration to the corresponding agency system to complete that item and then returns the registrant to the Business One Stop application.
5. The registrant repeats this process until all items are completed.

It is important to note that not all items in the checklist can be completed solely by the registrant. Some items (e.g., Tax ID registration) require agency review and approval that may take multiple business days to complete. As part of its design, the application will specify the expected completion time for each registration task.

The Express path is intended for bulk or third party filers who are experienced registrants (e.g., business registration companies, attorneys, accountants), have significant business registration experience, and do not need to the assistance of a Wizard. The path works as follows:

1. The registrant registers and creates a User Profile for the Business One Stop application.
2. The registrant logs into the Business One Stop application.
3. The registrant is presented with links to all agency systems required to complete a business registration.
4. The registrant logs into each system based on the type of business registration the registrant is completing.

Common Data

Some of the data to be completed on required business registration applications or forms (e.g., REG-1, UC-1A), is common to these and other applications and forms across agencies. During the initial phase of this project, the Business One Stop application will collect and store all common data. In a future phase,

a capability will be built to send collected common data to all impacted agencies in order to reduce data entry for registrants and limit the opportunity for incorrect data entry.

In order to support the implementation of this feature, a data dictionary must be created. According to the UC Merced Library, a data dictionary is:

> A collection of names, definitions, and attributes about data elements that are being used or captured in a database, information system, or part of a research project. It describes the meanings and purpose of data elements within the context of a project. (What Is a Data Dictionary, n.d.)

The project team will determine the project approach to identify, document, and validate data elements for all impacted agencies with a specific focus on those required as part of the Business One Stop solution.

Common Identity (Identity Management)

Common Identity, as part of an Identity Management strategy, is a key component to many Business One Stop initiatives. The purpose of a Common Identity is to reduce the number of times registrants are required to log into agency systems during the business registration process, enable the Business One Stop application to track tasks, and share the data associated with their identity across agency systems.

From the *Innovation in Government: The Kentucky Business One Stop Portal Assessment*:

> A robust identity management system will allow users to enter information once, and then return to KyBOS to track and update information, to submit forms, and to pay fees and taxes. This will eliminate the need for users to submit information such as name, address, and contact information multiple times. It will also ensure that state agencies' records will be consistent, accurate, and up-to-date. (Commonwealth of Kentucky, 2011)

Credit Card Payment

The application will be integrated with an enterprise credit card processing solution to handle all credit card processing. The project team will ensure that all PCI (Payment Card Industry) requirements are met and included as part of an overall security test strategy and plan.

Notifications

The application will send automatic electronic notifications to the registrant for the following:

- Tasks completed within the application.
- Task status notifications (i.e., business registration task progress).
- Business registration reminders:
    - For example, the Secretary of State would send a reminder to registrants that Annual Reports are due in April.

Electronic notifications may be:

- Email
- SMS
- Other messaging component

The format and content of each electronic notification will be determined during the Requirements Phase of the project.

E-Commerce (Shopping Cart)

The application will include an e-Commerce, or "Shopping Cart," capability to enable registrants to select and purchase business registration items. Every item (e.g., application, license, etc…) requiring payment by the registrant, will be added to a "Shopping Cart," similar to the Shopping Carts used by Amazon and other online retailers. Registrants will have the ability to review the contents of the cart at any time, add or remove items, and save the contents of the cart for payment at a later date.

The project team will evaluate and select an industry-standard e-Commerce solution that can integrate with the application during the Requirements Phase of the project.

Single Sign-On

This feature will enable a user to log into the Business One Stop application and then access other agency systems without requiring additional logins. SSO will be implemented for and supported by all agency systems with no exceptions. In other words, SSO will not be implemented for some agencies while other agencies maintain a separate login for their system. All agencies will use SSO as the sole authentication mechanism once the Business One Stop application has been deployed.

The "Future State" portion of the diagram below illustrates where SSO operates within the Business One Stop application.
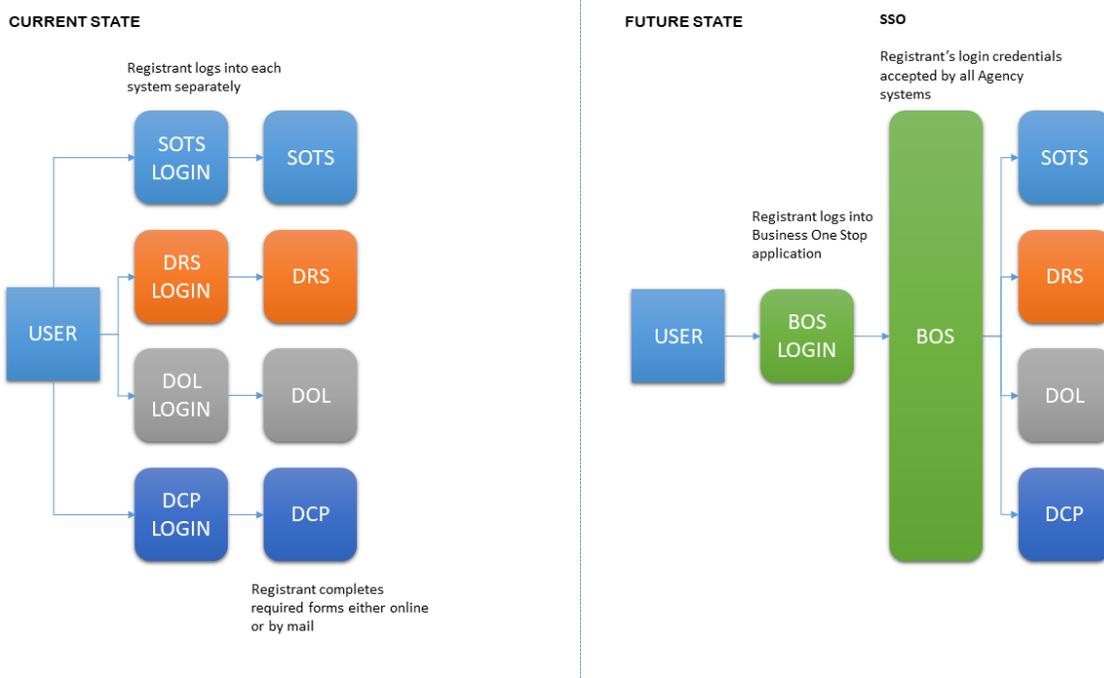
Status Tracking

The application will track the status of every business registration task as specified in the checklist and communicate the status of each item to all impacted agencies.

Statuses and associated definitions will be defined by the project team during the Requirements Phase of the project.

User Profile

The registrant must create a profile in order to access and use the Business One Stop application. The purpose of the user profile is to:

1. Establish a common identity that will be recognized across all State of Connecticut Agency systems.

2. Enable users to complete business registration, tax ID registration, licensing, and permitting tasks.
3. Enable users to make global changes that will be recognized across all State of Connecticut Agency systems.
   a. Examples of global changes include:
      i. Changes to business and registrant information (name, address, email).
      ii. Creation of lists, reminders, and tasks.

User Experience Management

Along with the activities that the user of a One Stop application must complete, the application must also contain the capability of managing the user experience. Modern customer experience management tools include the ability to measure customer engagement, track the ability to understand when users fail to complete a process, and provide feedback on improvements and track user satisfaction.

Scope

The Business One Stop solution described in this document is only intended for Executive Branch state agencies. Agencies in all other branches are outside the scope of this project.

In Scope

Phase 1 Agencies:

- Secretary of the State
- Department of Revenue Services
- Department of Labor
- Department of Consumer Protection

Phase 1 Scope:

- Two business registration paths for registrants.
- An integration component or layer in order to integrate with existing agency systems.
- Checklist of all required business registration items the registrant must complete.
- Single Sign On (SSO) that grants access to the Business One Stop application as well as agency systems (e.g., Concord, eLicense, CITWS).
- Data collection and storage of all data entered into the Business One Stop application.
- Notification component that communicates business registration status and tasks and application-generated reminders to the registrant.
- Status View component that communicates the current status of business registration tasks to the registrant.
- Summary Page describing what registrations, licenses, and permits the registrant filed and paid for as well as any subsequent or outstanding tasks.
- User Profile component which a registrant creates in order to perform specific tasks (e.g., register a business, file annual report, and order documents).

Phase 2 Agencies (Phase 1 Scope will be implemented for the following agencies in addition to the Phase 2 Scope listed below):

- Public Health (DPH)
- Energy and Environmental Protection (DEEP)
- Agriculture (DOAG)
- Agricultural Experiment Station (CAES)
- Emergency Services and Public Protection (DESPP)
- Banking (DOB)
- Insurance (CID)
- Transportation (DOT)
- Motor Vehicle (DMV)
- Public Utility Regulatory Authority (PURA)
- Education (SDE)
- Higher Education (OHE)
- Office of Early Childhood (OEC)
- Children and Families (DCF)
- Administrative Services (DAS)
- Office of Chief Medical Examiner (OCME)
- State Ethics (OSE)
- Office of State Health Care Access (OHCA)
- Workers' Compensation Commission (WCC)

Phase 2 Scope:

- Global change capabilities added to the User Profile in which a user can complete tasks that are recognized by all State of Connecticut agency systems. Examples include changes to business and personal information.
- Permitting application submission, processing and tracking.
- Credit Card processing integration with a third-party credit card processing solution.
- E-Commerce (Shopping Cart) component to which registrants can add specific business registration items (e.g., Domestic LLC filing payment) to pay at the conclusion of the registration session.
- Capability to review and purchase insurance products (e.g., workers compensation, Commercial insurance) from an approved vendor list.

Out of Scope

The following is a list of all Out of Scope items:

- Build new or rewrite any existing agency application or system.

Challenges

Each of the core agencies, and all impacted agencies in general, will have challenges in supporting the Business One Stop solution. As agencies have the discretion to operate autonomously, each has developed its own business processes and procedures, technical applications and systems, and, most significantly, a unique culture and environment that does always enable consistent and effective collaboration with other agencies.

Organization

One of the most daunting challenges with what will be experienced in creating a single, online portal experience for businesses is that there is no single agency owner of this responsibility. When operational responsibility is split across different state agencies, governance and support of the Business One Stop becomes a secondary priority. When agencies view the Business One Stop as an ancillary activity that is different from their "core business", it would run a high risk of delay, cost overruns, and failure to deliver anticipated benefits.

Technology

Both the Department of Labor and Department of Revenue Services are rolling out new systems within the next 18 months and, in the Department of Labor's case, all agency IT staff and resources are dedicated to the development and implementation of the new system. Other agencies are also in the midst of designing and deploying technology solutions based on agency need. The challenge for both agencies and the project team alike, is to: determine how the Business One Stop application should be integrated with existing agency systems; how to adequately resource agency projects and the Business One Stop application; and how future agency projects will be contemplated with the Business One Stop application in mind.

The Department of Labor's current online registration system uses a complex liability determination and vetting process before an individual or business owner can obtain a registration number. Integrating this process into the Business One Stop application will require a significant investment in resources and time. And, more importantly, the Department's new system does not support integration with external or third party applications or systems.

All agencies note that regardless of the Business One Stop solution implemented, it cannot interrupt, disrupt or otherwise impact existing systems or future technology initiatives.

Notifications

Due to the number of agency systems and corresponding notifications within each system, it will be difficult to integrate all agency notifications into the Business One Stop application. For example, the current Department of Labor system does not capture the "pending status" of a registration number application.

As part of the initial phase of the project, the project team, or a consulting firm, will evaluate the notification platforms for all impacted agency systems and determine the effort required to bring all agency notifications into a single platform within the Business One Stop application.

Common Identity (Identity Management)

A common identify is a critical component to any Business One Stop solution (it is a required feature of this Business One Stop application) and is also a significant challenge for state governments. From Eggers and Hurst:

> Most governments rely on a sprawling patchwork of systems to identify and manage information about people, using everything from passwords to smart cards to biometrics. At the same time, the data must be tagged so that only the right users have access. Unfortunately, these elements rarely come together in a way that seems convenient or logical to the end user, whether it's a citizen, a business, or even a public employee. (n.d.)

A common identity enables the persistence of an individual's personal data across the enterprise, thereby reducing multiple data entry and errors. Some, and maybe many, agency systems may not be able to support a common identity without a significant investment in resources and technology.

Policy Changes

Business One Stop is a business solution that will not only require changes to an agency's business processing but also require new policies and revisions to current policies.

Both the Department of Revenue Services and Department of Labor would have to modify existing statutes in order to share data with other agencies through the Business One Stop application. The Department of Revenue Services would require a change under Conn. Gen. Stat. §12-15 if the BOS website becomes the central repository for business registration data. And the same statutory change would be required to allow registrants to search for businesses through the Business One Stop website (assuming any of the data or information came from DRS), as any search results would be considered tax return information and therefore confidential under the current statute. The Department of Labor, under Conn. Gen. Stat. §31-254, would also require a change to the statute to share data through the Business One Stop application.

The Department of Labor would require a policy change to allow employers to receive an Employer Registration Number through the Business One Stop application. Currently, the agency only has one system which vets an application to determine if an employer established liability before the issuance of an Employer Registration Number. The Department of Labor does not issue registration numbers before liability has been established.

From an enterprise perspective, the identification and formation of a data steward role is an important policy consideration. Given the amount, sensitivity, and value of the data the Business One Stop application will collect and store, the State needs to implement a comprehensive policy that establishes the role, its responsibilities, and its place within the State of Connecticut organizational structure.

Business Operations

One of the more critical concerns identified by this working group is that the effort to plan, design, develop, deploy and support a Business One Stop Solution will dramatically impact daily business operations. As the headcount across the State has steadily decreased in recent years, there is increased pressure on resources to do more with less. Though a stated benefit of the Business One Stop solution is a reduction in manual processing, agencies, at least initially, will have an increased workload in supporting the One Stop solution.

Communication

Effective and efficient communication is one of the most critical challenges agencies face. Whether inter-agency or agency-to-customer, better communication will be required in order to support a Business One Stop solution.

Though some agencies do meet regularly with other agencies to share concerns, issues, and learnings, there is a need for greater collaboration and communication.

Agency-to-Customer

The most critical communication issue from an agency-to-customer perspective is the inability of agencies to communicate business registration expectations and requirements. Businesses need a complete picture of how to properly register a business, file the required taxes, apply for the required licenses and permits, and ensure that they have completed all required steps. The reality is that many businesses struggle to understand, and then complete, what is required due to insufficient information and agency support. (B. Wallace, personal communication, December 13, 2018)

Customer Support and Training

Across all impacted agencies, customer support (both business and technical) is not a well-defined role. Typically, agencies identify individuals to provide customer support without regard for that individual's current role. In other words, agencies have few formally defined customer support roles and rely on existing staff to provide support as needed on an ad hoc basis. Customer Support training and development is rarely offered and there are few customer support best practices and standards across agencies.

Because agencies do not adequately prepare individuals to register their business, agencies receive daily calls about the business registration process. Most agency representatives who handle these calls are well-versed in the business component of the registration process; in other words, they can answer and provide the expertise the registrant requires as it pertains to their agency. However, they typically are not able to provide technical expertise. For example, if a registrant is having difficulty in accessing a specific page or form, the agency representative does not possess the technical background nor tools to resolve the registrant's issue.

Filings

The current business entity search engine on CONCORD only displays businesses that are required to be formed as specific legal business entities (i.e., LLC, LP, LLP, Corporation) with the Secretary of State's Office. There is no ability for registrants to search for trade names filed with town clerks' offices for sole proprietorships and general partnerships. Therefore, registrants attempting to file a business registration run the risk of filing a business with a name already in use. And approximately 17% of new business owners registering with the Department of Labor, are either sole proprietors or partnerships, neither of whom are currently required to register with the Secretary of State and, therefore, would not be able to register via the Business One Stop application.

Legislative Changes

When adopting and supporting a Business One Stop solution, there are two items that will, in most cases and for most agencies, require legislative changes:

- Fees
- Data

Fees

Additions or modifications to the fees charged to citizens is regulated by the legislature and, therefore, requires legislative approval to be implemented. The project sponsors and project team need to consider this in all planning activities as there is substantial effort and lead time in securing fee changes as they apply to citizens.

Per the Secretary of State's Office, 70% of fees are established by the legislature while the remaining 30% can be changed without legislative approval (although the agency typically follows the guidance of the legislature.)

Department of Labor statutes allow for the agency to assess civil penalties when an employer does not register in a timely fashion. These statutes will be supported in the new Department of Labor system and must also be supported by the Business One Stop application.

Data

There are multiple challenges regarding data and the use of data across agencies:

Data Sharing

Some agencies, due to federal or state statute, cannot share data with any other party including other agencies. For example, the federal government provides the Department of Revenue Services with specific data that only this agency can possess. They are precluded, by law, from sharing this data with any other third party including other State of Connecticut agencies.

Data Definition

Because agencies define data differently, there is no "common language" when attempting to communicate programmatically or share data across the enterprise. Even within the business registration process, agencies define entities differently. For example, the Department of Consumer Protection, while recognizing each as its own discrete item, calls licenses, permits and registrations "credentials." The Secretary of State, however, does not group these items as each is its own business registration entity.

Data Changes

How, or if, data can be changed by a stakeholder depends on the agency. Typically, mailing addresses can be changed online with no manual intervention. However, business location address changes vary by agency. For example, the owner of a gas station can change its business location address online through the Secretary of State's Office but this same change would not be allowed by the Department of Consumer Protection due to statute.

And though an agency, like the Secretary of State, may allow the change of business address online, some business registration scenarios are more complicated. For example, a business entity (e.g., Starbucks) may only have one "principal business address" for registration purposes, but may have many different locations throughout Connecticut. The Starbucks Corporation is registered with the Secretary of State as a foreign corporation with a principal place of business in Seattle. Individual Connecticut locations are not registered with the Secretary of State so there is no ability to change the business address of any individual Connecticut location.

Data Accuracy

There are few mechanisms across state agencies to validate and ensure accurate data collection, management, and retention. Though there are exceptions—the Department of Economic Development does check the name on the title for collateral provided in support of loans—the level of data verification and supporting processes varies from agency to agency.

Planning and Strategy

Agencies have expressed the concern that they have little time and limited ability to plan and prepare for the changes asked of them in support various technology initiatives. Current staff are focused on daily agency business operations and new projects (e.g., implementation of new online service), which may significantly impact their ability to complete their daily assigned tasks.

Agencies need:

1. Online services strategic direction.
2. Planning and preparation time.
3. Resources (internal and external) to support all activities.

Without additional support, agencies will continue to struggle to implement high quality technology initiatives in a timely manner that meet the needs of Citizens and stakeholders alike.

Registrations

In addition to Connecticut Unemployment Taxes, there are other areas within the Department of Labor (e.g., Homecare Agencies and Professional Employment Organizations) that have registration requirements. The Business One Stop application must support all agency registrations and related requirements to ensure that new businesses are in compliance.

Opportunities / Recommendations

Customer Support and Training

- Provide formal training and establish best practices and standards for customer support across all impacted agencies.
- Define business and technical customer support roles.
    - For example, identify Spanish-speaking and other native language speakers to provide customer support.
- Establish new liaison roles within each agency that provide business registration support.
    - In particular, liaisons should be trained on how to properly "hand-off" registrants to other agencies.
- Establish an enterprise-wide call center serving all agencies to handle Tier 1 customer calls and contacts. Call center representatives will provide business and technical support for Tier 1 business issues and all technical issues regardless of complexity. Tier 2 and higher business issues will be transferred to agency resources for resolution.
- Establish regularly scheduled inter-agency meetings. The intent is to share best practices, current training processes, and other relevant business registration information. It is recommended that an "All Agencies" meeting be scheduled with representatives from all agencies as well as tactical meetings between agencies with common agendas and/or business processing and practices. For example:
    - The Secretary of State's Office meeting with the Department of Revenue Services and the Department of Labor to discuss business registration.
    - The Department Energy and Environmental Protection and the Department of Agriculture meeting to review new licensing requirements.
- Procure software and tools to support users remotely.

Data

Though agency data-sharing restrictions exist, Citizens can share data. Agencies can, and should, establish the necessary business processes and supporting technology to enable data-sharing provided:

- Citizens understand the data they are sharing and provide explicit consent.
- Every agency appropriately captures Citizen consent and tracks accordingly.

- Every agency understands and adheres to all data privacy and sharing laws and is prepared to support changes to these laws as they happen.

With the proper data consent procedures in place, data can then be shared between agencies to:

1. Reduce user-entered data entry
2. Increase inter-agency business processing efficiency and productivity
3. Offer more value-added online services to Citizens and other stakeholders

There are several models the State can use to design and implement data-sharing among agencies including EMPI and NIEM.

EMPI

> An enterprise master patient index or enterprise-wide master patient index (EMPI) is a patient database used by healthcare organizations to maintain accurate medical data across its various departments. Patients are assigned a unique identifier, so they are represented only once across all the organization's systems.[1] Patient data can include name; gender; date of birth; race and ethnicity; social security number; current address and contact information; insurance information; current diagnoses; and most recent date of hospital admission and discharge (if applicable). ("EMPI", n.d.)

NIEM

> At its core, NIEM [National Information Exchange Model] is a protocol that sets some standard definitions for key data fields-"person," "location," "activity," "item," and so forth—as well as for message types that can be adopted across different jurisdictions and departments, allowing for rapid, widespread data access and sharing. (Eggers and Hurst, n.d., p.12)

Other opportunities include:

- Develop, publish and regularly update a data dictionary for all state agency data. The purpose is to standardize data definitions across all impacted agencies to ensure better data sharing and data accuracy.
- Identify the data elements that can be shared across agencies and those that, if shared but not currently allowed by statute, would provide benefit if shared.
- Capture and distribute various types of economic data for both internal and external customers. As an example, the Secretary of State's Office works with business groups who are looking for aggregate data on NAIC industry codes.
- Utilize the business registration data captured by the Business One Stop application to reduce the rate of fraudulent business filings. The National Association of Secretaries of the State has been tracking two trends relative to business identity fraud: 1) An individual fraudulently files business documents to associate themselves with an entity so they can do things like take out loans, open credit cards, or even purchase real estate in the name of the entity and, 2) Shell LLCs and their use in criminal enterprises. There has also been a push at the federal level to create a

national clearinghouse of sorts to identify the "beneficial owners" of an LLC (e.g., the person who benefits financially from the operation of the LLC, not just the member identified in your registration filing).

Licensing

- As of 2018, 22 agencies issue licenses for businesses. The recommendation is that the State form a group to study licensing and determine if:
  - The current roster of licenses is necessary and some licenses be combined and/or eliminated.
  - The current roster of licenses is attached to the appropriate agency.
  - Licenses can be expedited while maintaining an appropriate level of agency oversight.
- As business licensing requirements and processing change in response to legislation and business community feedback, the Business One Stop application must support the resulting modifications as the business licensing environment evolves.

Timely Registrations

- The Department of Labor must meet Federal mandates regarding the timely registration of employers. The agency depends on employers to inform the agency of their need to register but often the notifications are received after the time specified by the Federal mandate. This system could help in meeting federal mandates as business owners would be providing the information earlier through this one stop process.

Trade Names

- Update CONCORD to include Trade Name registrations (currently handled by the Town Clerk in each town).

Governance

One of the most critical success factors for determining the long-term viability of the Business One Stop application is the formation and execution of a Governance Model and Board.

Components of the model should include:

- Identification and formation of a Governance Board who will act as the Business One Stop's governing body.
- Clearly documented Mission and Vision Statements.
- Clearly documented roles and responsibilities for all Governance Board members.
- Executive leadership and participation from the Governor's Office.
- Clearly documented ownership of the Business One Stop application, its components, and data.
- Membership and participation from the core agencies.

From *MyAccount – Streamlining business transactions with government*:

This report also suggests a governance model for implementing MyAccount … It will also be important to establish a project oversight committee that includes representatives of all the key agencies involved. And finally, the agencies participating in this report recommend that an "executive sponsor" within the Governor's Office be assigned to this project to resolve roadblocks and hold the lead and other participating agencies accountable for making regular progress. (Office of the Chief Information Officer, 2012, p.4)

Benefits

The following benefits were taken in whole or in part from NIC's "Maryland Business Express Suite: Self-Funded eGov Services Overview" document and are applicable to the Business One Stop solution outlined in this document. They apply to all, and in a few cases most, of the core agencies.

Business Owner

- Filings processing time reduced
- Easier and faster to form and manage a business entity
- Eliminates the confusion with business registrations and filings and reduces the number of redundant points-of-entry into agencies

State Agency

- Improves efficiency of administering government licensing and registration programs: paper filing backlogs and customer wait time decreased.
- State employees spend less time on data entry.
- Eliminates time, expense, and risk of managing a conventional paper and postage-based registration.
- Improves data and information quality as a result of common data, online submissions, and centralized database.
- Improves business compliance with existing legal requirements, resulting in increased revenue and quicker revenue capture rates.
- Streamlines the registration process to increase tax compliance (and revenue collections) for the agency/state; would save time, money, and effort for business owners and individuals; and increase awareness of tax obligations and opportunities (i.e., tax credits, programs, funds).

Citizen

- Shorter time-to-market for businesses to begin operations and create jobs.
- Better transparency of existing business registration data providing easier enforcement of consumer protection laws.

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Business One Stop Report – HB 5440

Project Cost

The following table lists various Business One Stop implementations by states with corresponding durations and project costs (ranked from lowest to highest):

Table 1 Business One Stop Range of Costs

State	Portal Name	Duration	Cost
Wisconsin	Wisconsin One Stop Business Registration Portal	26 months	$500,000[1]
Maryland	Maryland Business Express	18 months	$3,000,000
Indiana	INBiz	unknown	$9,100,000
Pennsylvania	Pennsylvania One Stop Shop	Multi-year[2]	$16,000,000
Ohio	Ohio Business Gateway	3 years	$22,000,000[3]
Washington	MyAccount	4 years	$24,000,000
Kentucky	One Stop Business Portal	6 years	$28,000,000[4]

[1] This is the cost to build the web front end; this project was self-funded so the actual project cost is unknown.

[2] For the purpose of calculating average cost, two years is used. The authors of this report were unable to determine the actual project duration.

[3] Ohio's Business Gateway is for business filings and taxes only.

[4] Final actual cost is higher based on information provided by the vendor's management team.

Table Notes:

- Average Cost: $14,657,000
- Average Duration: 37.33 months (Indiana not included as duration unknown).
- In order to determine a more accurate project cost for a State of Connecticut Business One Stop, an appropriately resourced formal assessment should be conducted which would include a detailed review of current business processes and technology, the development of a future state design, and the identification of scope based on interviews with key agency personnel and other stakeholders.
- The Business One Stop Program Team will ultimately determine the approach to deliver the Business One Stop solution and, based on the selected approach, the project cost may change significantly.
- Due to the size, complexity, criticality, and integration challenges of some agency systems, the actual cost to deploy the Business One Stop solution may be difficult for a consulting firm or

third party to accurately assess and cost. Because of this, there may be a significant variance in the initial project cost provided as part of the formal assessment and the final actual project cost.

Estimate: The Connecticut Business One Stop would likely cost between $12 million and $20 million over a three-year period of time.

Business One Stop Value

The following data illustrates the value in terms of expense savings, revenue generation, online production, and service availability Business One Stop solutions can provide:

Indiana

Indiana released INBiz, its business one-stop web portal, in April of 2016. Online transactions, business formations, and revenue increased month-to-month as indicated below (metrics taken from Indiana's IACA Merit Award Submission report):

- For the Secretary of State's Office:
  - Online transactions increased from 94,522 in September 2016 to 193,680 in February 2017 (+ 104%).
  - Business formations increased from 17,905 in September 2016 to 36,136 in February 2017 (+ 103%).
  - Revenue increased from $3,194,066 in September 2016 to $6,995,482 in February 2017 (+ 119%).
- For the Department of Revenue:
  - Total payments increased from $9,325 in September 2016 to $107,025 in February 2017 (+ 1,047%).

Maryland

From the Maryland Business Express Suite Overview document (last update September 21, 2018):

- $33.3M in state revenue processed since inception.
- Business formation approval times for online filers reduced from 10 weeks to 1 day.
- The time to process paper business filings decreased from 57 days in 2015 to 28 days.
- 68% overall adoption rate.
- 78% of all sole proprietorships and general partnerships filed online.
- 96% customer satisfaction rating.
- 50% of business filings conducted outside normal business hours.
- 20% of business filings conducted using a mobile device.

Kentucky

From the "Streamlining for Success: Enhancing Business Transactions with Secretary of State Office's document," "… the Kentucky Business One Stop Portal has reduced processing times for business registrations by as much as 75 percent" (p.11).

Suggested Resources

For the purposes of this report, it is recommended that the project team include the following technical resources though the composition of the project team will be determined following the completion of the Assessment Phase of the project:

- Program Manager
- Security Analyst
- Agency Data Officer
- Enterprise Architect
- Business Analyst
- Database Administrator
- Web Developer
- UX Designer

Report Participants

Between October 1 and November 30 of 2018, the following members of State of Connecticut agencies participated in a working group to discuss the approach and content for generating the report required by H.B. 5440.

The purpose of the working group was to:

- Describe the background and current environment as it relates to business registration.
- Identify and describe challenges with the current business registration process.
- Describe past opportunities to address the limitations of the business registration process and identify new opportunities.
- Provide requirements for and describe the proposed solution.

Working Group Members

Christine Castonguay – Department of Economic and Cultural Development

Ernest Adamo – Department or Revenue Services

Chris Drake – Secretary of the State

Tom Miano – Secretary of the State

Tonya Allen – Secretary of the State

Jason Cohen – Department of Consumer Protection

Michael Elliott – Department of Consumer Protection

Bob Santy – Connecticut Economic Resource Center

Beth Wallace – Connecticut Economic Resource Center

Karen Perham-Lippman – Department of Consumer Protection

Michelle Riordan-Nold – Connecticut Data Collaborative

Virginia Hill – Department of Labor

Angela Taetz – Department of Administrative Services, BEST

Michael Cianci – Department of Administrative Services, BEST

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Appendix 1 – CERC Business Services Survey

125 respondents completed a survey conducted by the Connecticut Economic Resource Center (CERC) on October 9, 2018. The following are responses to questions applicable to the development of the Business One Stop application:

What type of customer are you?

Answered: 125   Skipped: 0
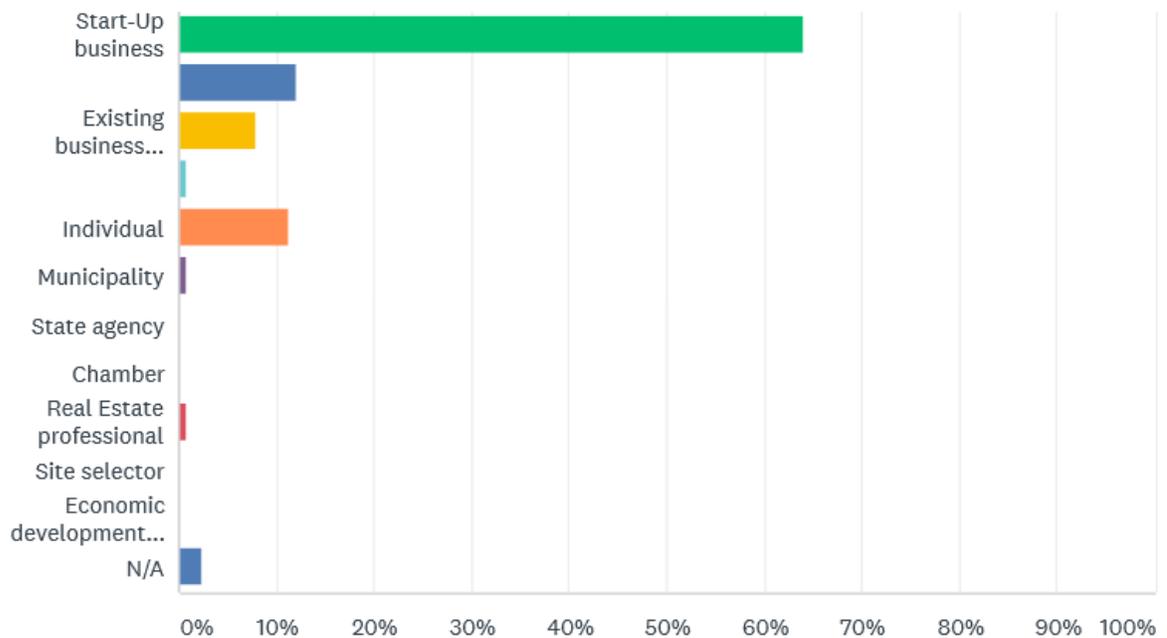
Business Services Customer Satisfaction

Where are you or your business located?

Answered: 125   Skipped: 0
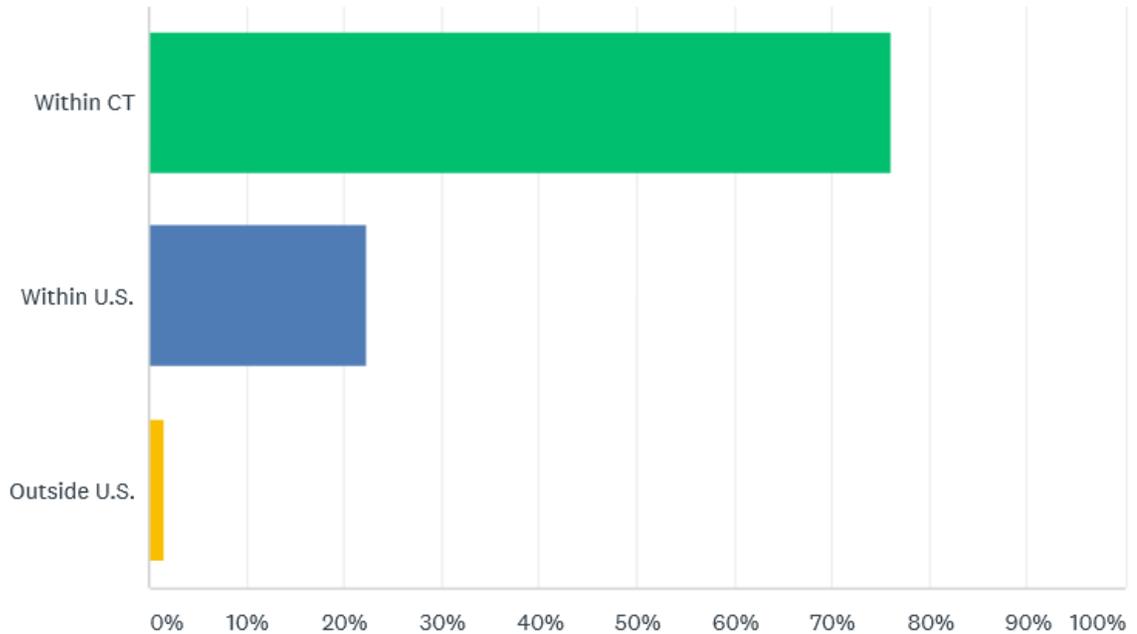
Business Services Customer Satisfaction

What type of business assistance/information were you seeking? Ch...

Answered: 125   Skipped: 0
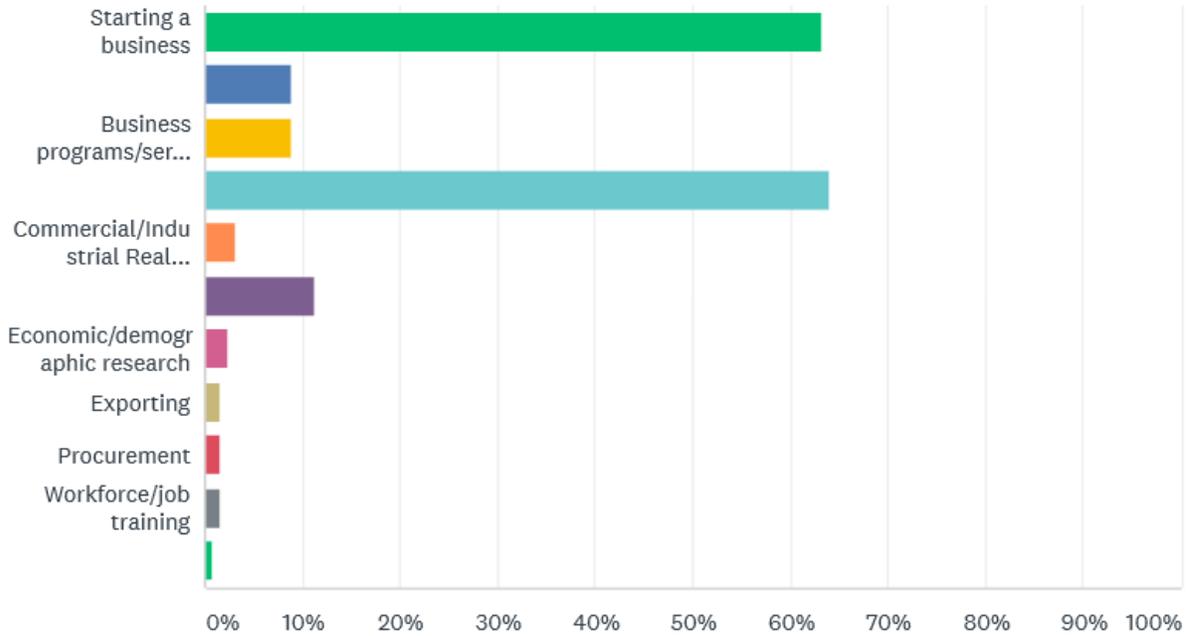
Business Services Customer Satisfaction

Why were you looking for business assistance or information? Check...

Answered: 118   Skipped: 7
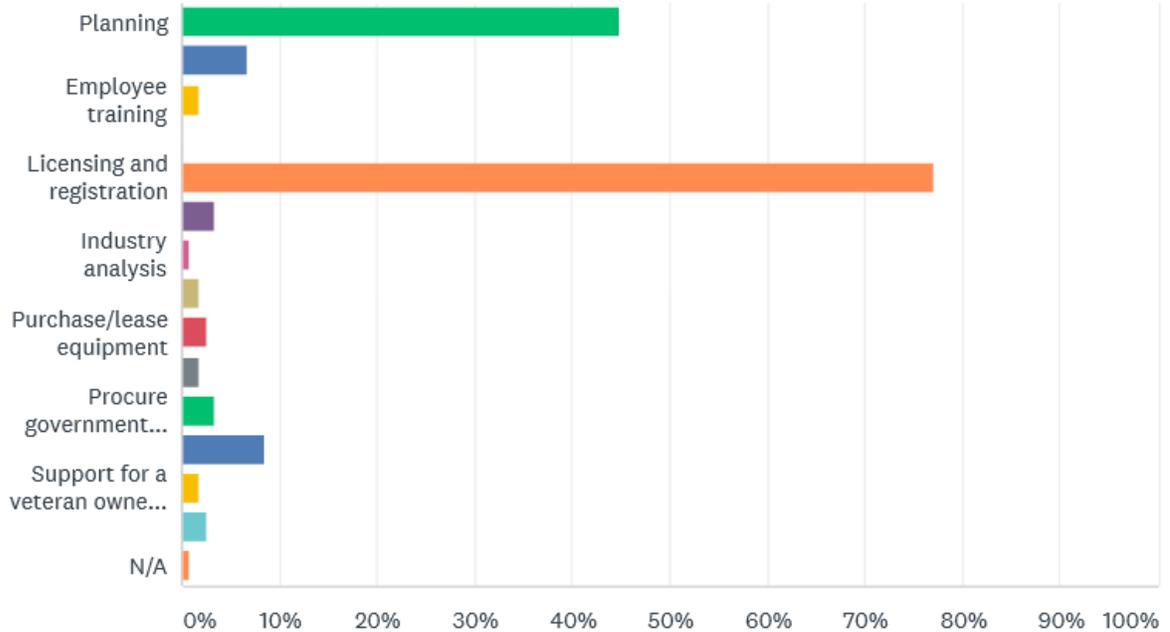
Business Services Customer Satisfaction

Appendix 2 – Data

The following is additional detail provided by the Secretary of State's Office regarding the benefit capturing business registration data via the Business One Stop application:

- The National Association of Secretaries of the State has been tracking two trends relative to business identity fraud: 1) An individual fraudulently files business documents to associate themselves with an entity so they can do things like take out loans, open credit cards, or even purchase real estate in the name of the entity and, 2) Shell LLCs and their use in criminal enterprises. There has also been a push at the federal level to create a national clearinghouse of sorts to identify the "beneficial owners" of an LLC (e.g., the person who benefits financially from the operation of the LLC, not just the member identified in your registration filing).

Appendix 2 – Use Case

There are hundreds of business registration use cases based on business type and business industry. At a minimum, all business registrations, regardless of business type and industry, will follow these steps.

Business Registration Use Case

```
Start
  │
  ▼
┌──────────────┐
│ 1            │
│ Choose Name  │
└──────────────┘
  │
  ▼
┌──────────────┐
│ 2            │
│ Find a location │
└──────────────┘
  │
  ▼
┌──────────────┐       ┌──────────────┐      ◇ Tradename      ◇ Permitting
│ 3            │─────▶ │ Contact planning│     required?          required?
│ Review local │       │ and zoning   │
│ considerations│      └──────────────┘
└──────────────┘
  │                    ┌──────────────┐
  ▼                    │ File tradename│
┌──────────────┐──────▶│ certificate  │
│ 4            │       └──────────────┘
│ Register your │
│ business     │
└──────────────┘
  │
  ▼
┌──────────────┐       ┌──────────┐    ┌──────────┐    ┌──────────┐
│ 5            │─────▶ │ File FEIN│    │ File REG-1│   │ File UC-1A│
│ Register for tax ID│ └──────────┘    └──────────┘    └──────────┘
│ numbers      │
└──────────────┘
  │
  ▼
┌──────────────┐       ┌──────────────┐
│ 6            │─────▶ │ Obtain Workers│
│ Obtain Insurance│    │ Compensation │
└──────────────┘       └──────────────┘
  │
  ▼
 End
```

Other items to consider:

Licensing
Hiring Foreign Employees
Record Keeping
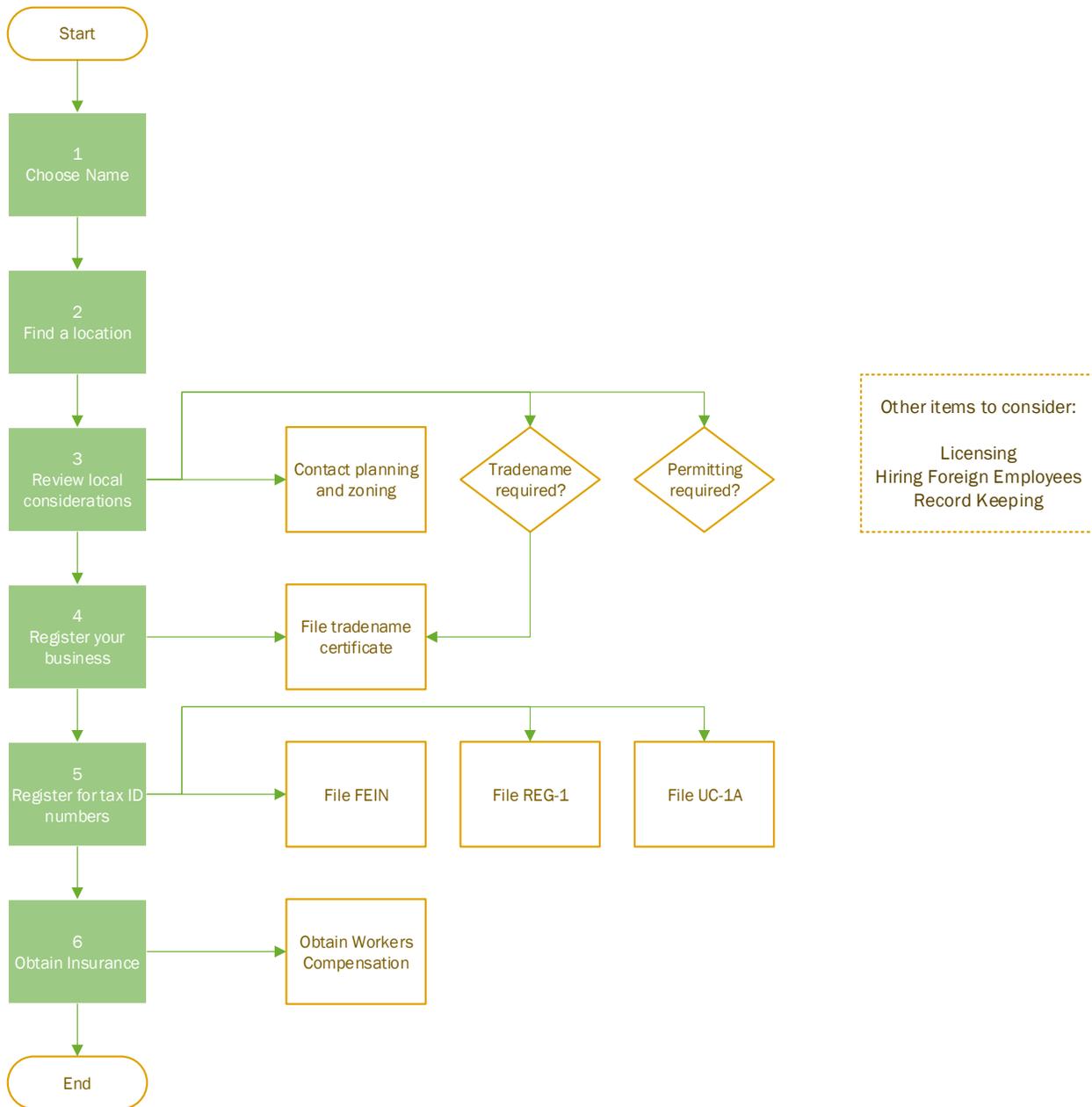
Business Registration Details

Choose Name

Choose and verify that the business name you choose is available to use.

Find a Location

1. Business registration is location-specific.
2. Be certain that the address used on the registration applications is an active address to receive mail.
3. If you require assistance in finding a location, CTSiteFinder.com is a free service to assist businesses in finding a location.

Local Considerations

1. Contact the municipal (city or town) offices including planning and zoning for zoning regulations. In some instances, the local health and fire official.
2. Tradename certificate (often referred to as a DBA or fictitious name) with the town clerk - applies to sole proprietors and general partnerships.
3. Even if your business does not plan to have an office or facility in Connecticut, depending on the nature of the work being performed in Connecticut, local permitting may be required.

Register Your Business Structure

If you are not certain as to which business structure to choose, we recommend that you speak with both a business attorney and tax accountant.

Connecticut Secretary of State - https://portal.ct.gov/SOTS

- Applicable Business Structures
  - o Domestic and foreign corporation (stock and non-stock), LLC, LLP, LP
- How to Apply:
  - o Online filing is available for most forms or forms can be downloaded and mailed/faxed (review guidelines and cover sheet, credit card payments are accepted.) Forms can be expedited for a fee of $50 per form.
- Form Names & Fees
  - o Domestic (within Connecticut) - Fees and Form Names
    - ▪ Stock Corporation – file Certificate of Incorporation ($100), Franchise Tax ($150) and Organizational Report ($150) - see Chapter 601
    - ▪ Non-stock Corporation – file Certificate of Incorporation ($50) and Organizational Report ($50) (nonprofit) - see Chapter 601
    - ▪ Limited Liability Company (LLC)– file Certificate of Organization ($120) - see Chapter 613a
    - ▪ Limited Liability Partnership (LLP) – file Certificate of Limited Liability Partnership ($120) - see Chapter 614
    - ▪ Limited Partnership (LP) – file Certificate of Limited Partnership ($120)

- o Foreign (out-of-state and international) - Fees and Form Names
  - Stock Corporation - file Certificate of Authority ($385) - see Chapter 601, Sec. 99-920
  - Non-Stock Corporation – file Certificate of Authority ($40) - see Chapter 601, Sec. 99-920
  - Limited Liability Partnership – file Certificate of Authority ($120) - see Chapter 614, Sec. 34-81(j-o)
  - Limited Liability Company – file Certificate of Registration ($120) - see Chapter 613, Sec. 34-275(a-1)

Town Clerk

Contact: Town Clerk of the town in which the business is based.

- Applicable business structures
  - o Sole proprietors and general partnerships and any other entity wanting to add a DBA (doing business as)
- How to Apply
  - o Visit the local town clerk's office. Forms are supplied by the town
- Form Name & Fees
  - o Trade name certificate (DBA.) Cost varies according to town
  - o No filing with the Connecticut Secretary of the State is required.

Register Your Tax ID Numbers

U.S. Internal Revenue Services (Federal)

Contact: 1-800-829-4933 or visit www.irs.gov

- Applicable to:
  - o Banking purposes, businesses seeking to hire employees, nonprofits and s-corporation
- How to Apply
  - o Online or using paper copy
  - o Nonprofits - review Tax Information for Charities & Other Non-Profits. File tax exempt application form: (filed within 15 months of approval of Articles of Incorporation.) Be prepared to attach copies of the corporate bylaws and other supportive documents as outlined in the instructions.
  - o S-corporations must file additional documentation.
- Form Name & Fees
  - o Federal Employer Tax Id Number (FEIN.) No fee.
- Publications

- o Circular E - Employer's Tax Guide
- o Tax Information for Charities & Other Non-Profits

Connecticut Department of Revenue Services (State)

Contact: 860-297-5962, 1-800-382-9463 (Connecticut only), bond hotline 860-541-7538 or drs@ct.gov. Visit: https://portal.ct.gov/drs

- Applicable to:
    - o Corporation tax, Business Entity Tax, Sales and Use Tax, income tax, out-of-state contractor bond, other
- How to Apply:
    - o Online or mail in form
- Form Name & Fees:
    - o REG-1 and Instructions. $100 if applying for Sales and Use Tax
    - o Depending on the nature of your business activity additional forms/addendums are required
    - o Out-of-state construction contractors, regardless of the nature of the real property affected or the tax-exempt status of the property owner, must obtain bonding - either a guarantee or cash bond.
- Publications:
    - o Business Entity Tax
    - o Getting Started In Business - IP 2017(25)
    - o Employer's Tax Guide 2018
    - o Building Contractor's Guide
    - o Nonresident Contractor Bonds and Deposits

Connecticut Department of Labor (State)Contact: 860-263-6550 (Employer Status), 860-263-6567 (Fax) or dol.webhelp@ct.gov. Visit: www.ctdol.state.ct.us.

- Applicable To:
    - o Firms hiring employees
- How to Apply:
    - o Online or mail in form
- Form Name & Fees:
    - o UC-1A or UC-1A (NP - Non-Profit.)No fee.
- Publications:
    - o Employer's Guide to Unemployment Compensation

    o   Labor posters

Obtain Insurance

Obtain Workers' Compensation Insurance

- Secure workers' compensation insurance through a private insurance company. (fees vary)
- With the exception of sole proprietorships or single member LLCs, businesses are required to obtain workers' compensation insurance even if they do not hire employees. However, such organizations can exclude themselves from coverage by filing form 6B.
- Further assistance is provided through Connecticut's Workers' Compensation Commission Contact: 1-800-223-9675 or wcc.chairmansoffice@po.state.ct.us. Agency web site: wcc.state.ct.us

Other Insurance

It is strongly recommended that businesses contact their insurance agent to inquire about proper insurance coverage in addition to workers' compensation insurance.