

STORAGE NAME: h0399b.bdt
DATE: March 19, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
Business Development and International Trade
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 399
RELATING TO: Coordinated Business Reporting
SPONSOR(S): Rep. Flanagan
STATUTE(S) AFFECTED: Section 119.092, F. S.
COMPANION BILL(S): SB 596

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) Business Development and International Trade YEAS 7 NAYS 0
- (2) Finance and Taxation (W/D)
- (3) Transportation and Economic Development Appropriations (W/D)
- (4)
- (5)

I. SUMMARY:

In March 1996, the Governor created the Single Business Identifier Interagency Workgroup as a subgroup of the Governor's Task Force on Paperwork Reduction. The Working Group was charged with exploring the development of a single business identification numbering system for use by state agencies with the intended goal of reducing the paperwork burden on Florida's business and government entities. This bill codifies some of the recommendations of the report from the Working Group.

This bill repeals Section 119.092, F. S. which requires the use of the Federal Employer Identifier Number by state agencies which register or license business entities.

The bill directs the Department of State to create a master business index in which each business is to be assigned a unique single business identifier number (SBIN) for interagency use. The master business index is a database which indexes all business entity records maintained by any state government agency. Each agency that registers, licenses, or regulates business entities is to utilize the SBIN so that registration or license information may be directly retrieved by the use of the SBIN.

The bill directs the Secretary of State to conduct a study assessing the need for unified reporting and consolidated licensing; and to prepare recommendations for the Legislature based on the findings of the study.

This bill does not grant or otherwise increase the rulemaking authority of a state agency.

The bill will have an indeterminate non-recurring negative fiscal impact on state agencies which regulate, register, or license business entities.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

As stated in the report from the Single Business Identifier Interagency Workgroup, there are twelve or more state agencies which require licenses from, and/or regulate, businesses. Research indicates that a typical business owner spends up to eight hours per month with each of up to five state agencies filling out paperwork for tax, labor, and worker-safety reporting and for permitting. Each of these state agencies require the use of separate numbers for licensing, regulation, or registration. In addition, businesses must report the same information to different state agencies and report the same information to the same state agency repeatedly.

In 1995, Governor Chiles established a Task Force on Paperwork Reduction. One of the recommendations of the Task Force was that state government develop a universal business identification numbering system. In March 1996, the Governor charged the Single Business Identifier Interagency Workgroup with exploring the development of a single business identification numbering system for use by state agencies with the intended goal of reducing the paperwork burden on Florida's business and government entities.

Section 119.092, F. S., requires the use of the federal employer's identification number (FEIN) by each state agency which registers or licenses corporations, partnerships, or other business entities.

The Task Force reviewed the use of the FEIN, but it was determined unsatisfactory for accomplishing the goal because it is not necessarily a unique number, it is not created or managed within the control of the State, and not all businesses register for an FEIN.

B. EFFECT OF PROPOSED CHANGES:

This bill repeals Section 119.092, F. S. which requires the use of the FEIN by state agencies which register or license business entities.

The bill directs the Department of State to create a master business index in which each business is to be assigned a unique single business identifier number (SBIN) for interagency use. The master business index is a database which indexes all business entity records maintained by any state government agency. Each agency that registers, licenses, or regulates business entities is to required to use the SBIN so that registration or license information may be directly retrieved by the use of the SBIN.

The bill directs the Secretary of State to conduct a study assessing the need for unified reporting and consolidated licensing; and to prepare recommendations for the Legislature based on the findings of the study.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. The Department of State will be required to develop a Master Business Index which includes the use of a Single Business Identifier Number (SBIN). State agencies which regulate, register, or license business entities will be required to use the SBIN in their databases and coordinate their records with the Department of State.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

N/A

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Provides legislative findings that although licensing, permitting, and registrations of businesses are necessary to protect the public safety and welfare; they can be burdensome to businesses. This section also states that the state could eliminate duplicative or outdated requirements and coordinate and consolidate business

licensing and reporting requirements. This section also provides intent to facilitate consolidated and coordinated licensing and reporting for business entities.

Section 2. Provides the short title: The Florida Business Coordination Act.

Section 3. Provides definitions.

Section 4. Provides that the Department of State create and maintain a Master Business Index with a Single Business Identifier Number (SBIN). This section also requires state agencies to use the SBIN in their databases and coordinate their records with the Department of State.

Section 5. Provides that the Secretary of State is the designated custodian of the master business index and shall coordinate implementation of the index in state agencies.

Section 6. Directs the Secretary of State to conduct a study of the need for uniform reporting and consolidated licensing, registration, and filing renewals. This section also directs the Secretary of State to develop legislative proposals based on the findings of the study, to meet the intent of the act.

Section 7. Repeals Section 119.092, F. S.

Section 8. Provides that the act take effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Indeterminate costs associated with implementation of the SBIN by state agencies which regulate, register, or license business entities.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See (A)(1) above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

If the intent of this act is fully implemented, business owners in the state should realize a reduction in the amount of time they spend filling out state agency paperwork and should be able to devote more time to operating their business.

3. Effects on Competition, Private Enterprise and Employment Markets:

D. FISCAL COMMENTS:

The Department of State has stated that it can administer the provisions of this bill within current resources.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 19, 1997 the Committee on Business Development and International Trade passed the bill with two amendments. The amendments changed the bill as follows: Amendment 1 makes the implementation of the Single Business Identifier Number (SBIN) in all state agencies which regulate, register, or license businesses part of the study on uniform reporting and consolidated licensing required of the Secretary of State's office. It also adds a due date for proposals from the study: prior to the 1998 regular legislative session. Further, it strikes the language repealing section 119.092, F. S.

Amendment 2 is a technical amendment which corrects a typographical error on page 2, line 15 of the bill. The word "cooperation" is changed to "corporation."

VII. SIGNATURES:

COMMITTEE ON BUSINESS DEVELOPMENT AND INTERNATIONAL TRADE:

Prepared by:

Legislative Research Director:

Stacey E. Smelser

Michael L. Rubin