

JANUARY 6, 2022



Florida's Entrepreneurship Agenda: A Roadmap to Removing Barriers to Work

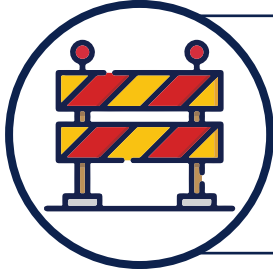
Haley Holik
Senior Fellow

Alli Fick
Deputy Research Director

KEY FINDINGS



BUSINESSES AND WORKERS ARE **FLOCKING TO BUSINESS-FRIENDLY FLORIDA.**



LOCAL GOVERNMENTS ACROSS THE COUNTRY ARE **HOLDING BACK ENTREPRENEURS** THROUGH BURDENSOME PERMITTING AND LICENSING PROCESSES.



FLORIDA LAWMAKERS PASSED A **LANDMARK ENTREPRENEURSHIP AGENDA** IN 2021, REMOVING BARRIERS TO WORK AND ENCOURAGING NEW BUSINESS CREATION.



FLORIDA'S ENTREPRENEURSHIP AGENDA PROVIDES A **ROADMAP FOR OTHER STATES** THAT WANT TO JUMPSTART BUSINESS CREATION.



STATES SHOULD **REFORM** HOME-BASED BUSINESS LAWS, **FAST-TRACK** BUILDING PERMITS, **PREEMPT** LOCAL LICENSING REQUIREMENTS, AND **STREAMLINE** JOB-TRAINING PROGRAMS.

THE BOTTOM LINE:

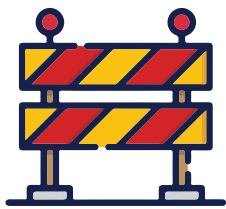
STATES SHOULD GET GOVERNMENT OUT OF THE WAY,
PAVING THE WAY FOR FUTURE ENTREPRENEURS.

Background

Businesses are fleeing highly regulated, tax-heavy states in search of more business-friendly climates.¹ **So it is no surprise that businesses and workers are flocking to Florida.**²⁻³ Governor Ron DeSantis's leadership has kicked the state's economy into overdrive, empowering entrepreneurs to create hundreds of thousands of new businesses in 2021 alone.⁴

Florida is well-known as one of the best states for entrepreneurs to start a business.⁵⁻⁶ But rather than coast on the state's reputation, House Speaker Chris Sprowls challenged his fellow lawmakers to "develop an Entrepreneurship Agenda that knocks down the barriers holding back all those untapped job creators."⁷ These barriers include obtaining approval from local governments in the form of permits and licenses, which create complicated and costly hurdles to starting a business.

With the support of Governor DeSantis, Florida lawmakers passed a landmark entrepreneurship agenda in 2021, removing barriers to job creators and encouraging new businesses. These reforms provide a roadmap for other states that want to empower entrepreneurs. These commonsense solutions include reforming home-based business laws, fast-tracking building permits, preempting local licensing requirements, and creating performance measures for workforce programs.



**FLORIDA'S LANDMARK ENTREPRENEURSHIP
AGENDA IS REMOVING BARRIERS FOR JOB CREATORS
AND ENCOURAGING NEW BUSINESSES.**

Reform Home-Based Business Laws

Roughly half of all businesses are based out of the home.⁸ And for good reason. Home-based work helps improve overall quality of life, reduces costs, and provides flexibility.⁹ Companies like Disney, Hewlett-Packard, and Microsoft all began in the home.¹⁰

But local governments across the country are making it difficult for entrepreneurs to start a home-based business through complex and burdensome regulations. While variations exist across jurisdictions, local governments commonly dictate who may work in the home, how much of the inside of the home may be used for work, and what work activities are permitted within the home.

In Iowa, for example, Cedar Rapids prohibits retail sales in the home.¹¹ Urbandale does not allow any non-family, non-residents to work in the home.¹² And Waterloo restricts the amount of the home that may be used to **no more than one room or 25 percent of the floor space of the home, whichever is less.**¹³

Brick-and-mortar businesses do not have to follow similar rules.

While local governments may regulate outside the home to maintain peace and quiet in neighborhoods, they should not hamper entrepreneurship by regulating work inside the home.

Like Florida, states can empower their entrepreneurs by enacting statewide standards for how local governments regulate home-based businesses.¹⁴ Arkansas also passed a version of this reform this year.¹⁵

State lawmakers should establish statewide standards for how local governments regulate home-based work by **prohibiting common local regulations, such as restrictions on floor space or non-residents working in the home.** This protects entrepreneurship while allowing cities to maintain authority over street parking, signage, and other neighborhood issues.



Roughly half of all businesses are based out of the home.



Fast-Track Building Permits

Local communities pay the price when government fails to act on time—businesses do not open, houses are not built, and workers cannot be hired.

Long processing times for permits drive up costs for developers, which raise housing prices for consumers.¹⁶ Slow turnaround times also discourage new construction in the future, which can hurt consumers and local communities in ways that are less pronounced but equally damaging.¹⁷

Communities across the country are feeling the impact of inefficient government. Dallas, Texas amassed such a significant backlog of permit applications that the city potentially missed out on 849 new homes and thousands of dollars in new tax revenue.¹⁸⁻¹⁹ And an audit in Portland, Oregon found that the city did not meet its timeliness goals for initial reviews of permit applications once over a five-year period.²⁰

State lawmakers should follow Florida's lead and fast-track the permit process to reduce red tape for entrepreneurs. Florida established a minimum processing time for local governments to issue building permits.²¹ Florida also requires local governments to incrementally refund fees if permits are not timely issued.²² Ten percent of the fee is refunded each day until the application is processed.²³

The Sunshine State also lets applicants know what they need to submit and where they are in the application process. To increase transparency, Florida requires local governments to post the review process and status updates for every application on their website.²⁴ This streamlines the application process, providing confidence to entrepreneurs and encouraging future development. State lawmakers can fast-track economic recovery by **reducing red tape for building permits and providing clarity to the application process.**

Preempt Local Licensing Requirements

The number of workers requiring an occupational license has increased five-fold since the 1950s.²⁵ Today, more than one in five workers in the United States require the government's permission to do their job.²⁶ Licensing requirements are arbitrary, varying across states.²⁷ This creates confusion, increases bureaucracy, and hinders worker mobility.²⁸

Many states allow local governments to create new or additional licensing requirements on top of what is already required by the state.²⁹ This compounds the negative effects of state licensure, creating even more red tape for entrepreneurs.

But if an occupation truly needs to be licensed for public health and safety, then it should be regulated at the state level in order to protect all state residents and create uniformity and certainty for workers. States already regulate occupations with licenses, and entrepreneurs should not have to double-check that box.

Florida prohibits local governments from creating and enforcing local licensing requirements.³⁰ This provides consistency for entrepreneurs and reduces compliance issues at the local level, making it easier to do business. **State lawmakers can and should remove local barriers to work.**



**STATE LAWMAKERS CAN PROTECT
TAXPAYER INVESTMENT IN WORKFORCE
AND WELFARE PROGRAMS BY **REQUIRING
BUREAUCRATS TO TRACK TRANSITIONS OUT OF
GOVERNMENT DEPENDENCY.****

Create performance measures for workforce programs

When workforce and welfare programs are not work-centric, it makes it more difficult for people to move away from government dependency and toward self-sufficiency. Bureaucrats admit that taxpayer-funded programs related to job training tend to overlap and provide similar services to similar populations.³¹ **Needless overlap wastes taxpayer resources, fosters inefficiency, and creates administrative barriers to work.** A 2017 study published by the U.S. Department of Labor found that filling out redundant paperwork for multiple programs frustrated job seekers, which exacerbates other administrative problems.³²

While job training programs typically implement different types of performance measures, states should follow Florida's lead by re-aligning funding to promote greater accountability.³³ Increasing transparency in workforce and welfare programs will improve administration, which will move more people toward work.

State lawmakers can protect taxpayer investment in workforce and welfare programs by requiring bureaucrats to track transitions out of government dependency. Like Florida, states should require program or service contracts related to job training to be evaluated based on metrics like participant completion, job attainment, earnings, and transitions out of programs.³⁴

To remove administrative barriers to work, Florida requires state and local bureaucrats to use a common intake form and case management system.³⁵ This facilitates coordination across levels of government, helping to streamline job search and placement.³⁶ **States should take steps to implement a common system for job-training programs in order to help people move toward self-sufficiency and businesses fill open jobs.**



BOTTOM LINE: States should enact commonsense reforms to empower entrepreneurs and boost economic recovery.

Florida’s entrepreneurship agenda gets government out of the way and ensures local governments do not hold back entrepreneurs. This means more economic opportunity for workers and fewer “help wanted” signs for local businesses. States should enact commonsense reforms to empower their entrepreneurs and propel economic recovery.

REFERENCES

1. Talia Kaplan, "NY, NJ exodus to Florida fueled by 'tax hell': Official," Fox Business (2021), <https://www.foxbusiness.com/lifestyle/ny-nj-exodus-to-florida-fueled-by-tax-hell-official>.
2. Hillary Hoffower, "Are Texas and Florida the new California and New York?," Business Insider (2020), <https://www.businessinsider.com/pandemic-tech-finance-migration-california-texas-florida-new-york-2020-12>.
3. Audrey Conklin, "Florida sees nearly 1,000 people move there daily as high-tax residents seek shelter: report," Fox Business (2020), <https://www.foxbusiness.com/real-estate/moving-to-florida-high-tax-residents-seek-shelter-report>.
4. Hayden Dublois & Jonathan Ingram, "Red hot: How Gov. Desantis has kicked Florida's economy into overdrive," Foundation for Government Accountability (2021), <https://thefga.org/paper/desantis-kicked-florida-economy-into-overdrive/>.
5. Jared Walczak & Janelle Cammenga, "2021 state business tax climate index," Tax Foundation (2020), <https://taxfoundation.org/2021-state-business-tax-climate-index/>.
6. Andrew DePietro, "The Best And Worst States For Entrepreneurs In 2020," Forbes (2019), <https://www.forbes.com/sites/andrewdepietro/2019/11/13/best-worst-states-entrepreneurs-2020/?sh=58f30fc346a6>.
7. Chris Sprowls, "Florida House closes out 60-day session with historic wins for Floridians," Florida House of Representatives (2021), <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?DocumentType=Press%20Release&FileName=766>.
8. Office of Advocacy, "Frequently asked questions," U.S. Small Business Administration (2019), <https://cdn.advocacy.sba.gov/wp-content/uploads/2019/09/24153946/Frequently-Asked-Questions-Small-Business.2019-1.pdf>.
9. Olivia Gonzalez & Nolan Gray, "Zoning for opportunity: A survey of home-based-business regulations," The Center for Growth and Opportunity (2020), <https://www.thecgo.org/wp-content/uploads/2020/03/zoning-for-opportunity.pdf>.
10. Caroline Fox, "Jeff Bezos created Amazon from his garage – here are 14 of the most successful companies that started in basements, sheds, and bedrooms," Insider (2021), <https://www.businessinsider.com/successful-companies.started-in-basements-garages-bedrooms-2020-4>.
11. Cedar Rapids Municipal Code § 32.03.04, https://www.cedar-rapids.org/Chapter%2032%20.%20Zoning%20Ordinance_3.14.2021.pdf.
12. Urbandale Municipal Code § 160.33, https://codelibrary.amlegal.com/codes/urbandale/latest/urbandale_ia/0-0-0-9072.
13. Waterloo Municipal Code § 10-5-1, https://cms6.revize.com/revize/waterlooia/document_center/Planning/Zoning%20Ord%205079%20021819.pdf.
14. FL HB 403, <https://www.flsenate.gov/Session/Bill/2021/403/BillText/er/PDF>.
15. AR HB 1416, <https://www.arkleg.state.ar.us/Acts/FTPDocument?path=%2FACTS%2F2021R%2FPublic%2F&file=659.pdf&ddBienniumSession=2021%2F2021R>.
16. House Staff, "HB 1059 bill analysis," Florida House of Representatives (2021), <https://www.flsenate.gov/Session/Bill/2021/1059/Analyses/h1059z1.RRS.PDF>.
17. Ibid.
18. Bianca R. Montes, "Dallas has a huge backlog of residential permits, and contractors are fed up," D Magazine (2020), <https://www.dmagazine.com/commercial-real-estate/2020/09/dallas-has-a-huge-backlog-of-residential-permits-and-contractors-are-fed-up/>.
19. Matt Goodman, "City of Dallas residential building permit process remains in total disarray," D Magazine (2021), <https://www.dmagazine.com/frontburner/2021/01/city-of-dallas-residential-building-permit-process-remains-in-total-disarray/>.
20. City of Portland, "Building Permit Review Audit," City of Portland (2021), <https://www.portland.gov/audit.services/news/2021/3/23/building-permit-review-audit>.
21. FL HB 1059, <https://www.flsenate.gov/Session/Bill/2021/1059/BillText/er/PDF>.
22. Ibid.
23. Ibid.
24. Ibid.
25. Morris M. Kleiner & Alan B. Krueger, "Analyzing the extent and influence of occupational licensing on the labor market," National Bureau of Economic Research (2009), https://www.nber.org/system/files/working_papers/w14979/w14979.pdf.
26. Bureau of Labor Statistics, "Certification and licensing status of the civilian noninstitutional population 16 years and over by employment status, 2019 annual averages," U.S. Department of Labor (2019), <https://www.bls.gov/cps/aa2019/cpsaat49.pdf>.
27. National Conference of State Legislatures, "The State of Occupational Licensing" (2017), https://www.ncsl.org/Portals/1/Documents/employ/Licensing/State_Occupational_Licensing.pdf.
28. See, e.g., Foundation for Government Accountability, "Local Licensing Preemption," Foundation for Government Accountability (2018), <https://thefga.org/wp-content/uploads/2018/11/Local-Licensing-Preemption-FAQs.pdf>.
29. Ibid.
30. FL HB 735, <https://flsenate.gov/Session/Bill/2021/735/BillText/er/PDF>.
31. U.S. Government Accountability Office, "Employment and Training Programs: Department of Labor Should Assess Efforts to Coordinate Services Across Programs" (2019), <https://www.gao.gov/assets/gao-19-200.pdf>.
32. Anne Chamberline et. al, "Study of the American Job Center Customer Experience: Summary Report," Prepared for U.S. Department of Labor (2017), <https://www.dol.gov/sites/dolgov/files/OASP/legacy/files/Customer-Experience-Summary-Report.pdf>.
33. FL HB 1507, <https://www.flsenate.gov/Session/Bill/2021/1507/BillText/er/PDF>.
34. Ibid.
35. Ibid.
36. John Pallasch, Assistant Secretary for Employment and Training, Letter to State and Local Workforce Development Boards, Prepared for U.S. Department of Labor (Jan. 4, 2021), https://wdr.doleta.gov/directives/attach/TEN/TEN_13-20.pdf.



15275 Collier Boulevard | Suite 201-279
Naples, Florida 34119
(239) 244-8808

TheFGA.org | [@TheFGA](https://twitter.com/TheFGA) | [TheFGA](https://www.instagram.com/TheFGA) | [TheFGA](https://www.facebook.com/TheFGA)