

# How can my city enact simpler, more transparent rules?

Starting a business, especially during an economic crisis, is already a risky endeavor. Entrepreneurs must gauge whether their products or services will satisfy a need in their community and if their business model will turn a profit.

## Lack of transparency

Local governments often add to the uncertainty, too, with complex rules that lack transparency and confuse would-be business owners. Applicants for licenses or permits are often left not knowing which registrations they'll need, how much everything will cost, and the time it will take to get from start to finish.

This contributes to what entrepreneurs describe as a “death by a thousand cuts.” Applicants get stifled by red tape that piles on from multiple departments, then lack the peace of mind of knowing exactly what those requirements will entail.

## Streamline requirements

A common-sense solution for encouraging residents to start businesses and create jobs is to streamline rules for getting a business off the ground.

To support entrepreneurs, some policymakers have already explored ways to cut back on licensing requirements:

- In 2012, officials in **Chicago** passed legislation to reduce the number of business license categories by around 60 percent, from 117 to 49.
- **Mississippi** reformed occupational licensing rules that required hair braiders to obtain unrelated cosmetology licenses. By 2016, more than 2,600 braiders had taken advantage and registered with the state.
- **Phoenix** does not require a general business license for all businesses; instead, it licenses a smaller set of less than 20 business it deems higher-risk.

## A simpler, clearer process

Reforms like these can ease the pathway to entrepreneurship. Especially for those without the

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means to hire expeditors, more transparency means better opportunities to start businesses and earn an honest living.

To simplify the licensing process and increase transparency, cities should:

- **Create a one-stop shop**, with effective checklists and guides, for applicants to manage interactions with agencies.
- **List fees and expected wait times** for permits and licenses.
- **Streamline in-person visits to agencies** so multiple consultations or checks can be accomplished in a single visit. Where possible, in-person visits should be an option rather than a requirement.

City leaders can be a force for entrepreneurs by removing regulatory obstacles, and the Institute for Justice (IJ) can help. We work alongside city officials to:

- **Research requirements:** We research what it takes to start a business in cities, including all of the steps and costs. We can also share best practices for how other cities dealt with similar policy issues.
- **Conduct surveys:** We host roundtables and compile feedback from entrepreneurs with first-hand experience navigating the licensing process.
- **Advocate:** We work with agencies and councilmembers to enact regulatory and legislative changes that truly make a difference for entrepreneurs.



Contact us to get tailored recommendations for how your city can streamline requirements and increase transparency for entrepreneurs.

IJ is a nonprofit law firm that works with city officials, entrepreneurs, and advocates to remove regulatory barriers to entrepreneurship. For more information, visit <https://2021initiative.com>.