**Let’s Make It Cheaper, Faster, and Simpler to Start a Business in DC**

**A New Report Details Strategies to Cut Red Tape for District Small Businesses**

For local entrepreneurs throughout the District, navigating rules for starting up and getting licensed can be a tough proposition. From business licensing to zoning, trips to government offices and mounting paperwork, would-be business owners often drain critical time and resources complying with confusing red tape—time that could be invested in getting the business off the ground. As city leaders look to expand opportunities for businesses affected by the pandemic, the right moment for reform is now.

A new report by the Institute for Justice (IJ) explores the constant challenges Washingtonians face in turning their dreams of starting up into reality.

The report, ***Blueprint for Business: Cutting Red Tape and Supporting DC Entrepreneurs***, reveals the true regulatory cost of starting a business in DC. It also takes a look at how other cities across the country have managed to make things easier for entrepreneurs, offering best practices to guide action from District officials.

After years spent talking to entrepreneurs and researching DC code and regulations, we found that the barriers residents face in navigating District red tape can be summed up by the same three themes: navigating DC’s licensing process is too **expensive**, too **complicated**, and too **time-consuming**.

**Getting started in DC is costly, as licensing fees and registrations add up**:

* Fees for paperwork, from corporate registration to zoning permits, contribute hundreds—and sometimes even thousands—of dollars to the cost of doing business.
* Because businesses might need several licenses to operate in the District, fees paid to the Department of Consumer and Regulatory Affairs (DCRA) can add up quickly.
* Now more than ever, new and small businesses need financial relief and renewal flexibility to ensure they can survive these tough times.

**Filing the paperwork to start a business in DC is too complex**:

* 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.
* Because DC licenses specific business activities, one business might need multiple licenses. But with over 100 basic business license (BBL) categories on the books, it is common for license applicants to need multiple licenses.

**Navigating siloed agency staff creates frustration and delays**:

* Since DC government lacks a true one-stop shop for applicants to streamline required registrations and paperwork, business owners must interact with multiple agencies and divisions, slowing down the regulatory process.
* In order to complete licensing, business owners typically have to interact with at least 11 different agencies, sub-agencies, and divisions.

With expensive fees, complex steps, and government-imposed barriers to entry, the end result is that DC’s process often forces its residents to explore opening up shop in Maryland or Virginia, instead, where requirements are simpler.

To ensure DC’s small business environment remains vibrant and competitive, District officials should look to other cities that have cut red tape to ease requirements for entrepreneurs.

*Blueprint for Business* recommends that DC officials:

* Streamline the licensing process by cutting the number of license categories in DC Code and continue removing outdated forms and steps.
	+ In 2012, officials in **Chicago** passed legislation to reduce the number of business license categories by around 60 percent.
* Improve communication and transparency between agencies and entrepreneurs and create a true one-stop shop for starting a business in the District.
	+ **San Diego** worked with a tech start-up called OpenCounter to create a one-stop shop for zoning lookups and licensing, saving thousands of hours of agency resources.
* Lower licensing, registration, and permitting fees to open opportunities for aspiring business owners of modest means.
	+ Many cities, such as **Seattle**, accommodate small businesses by phasing license fees according to the business’s annual revenue. And **Boston** only charges a low $65 fee for its general business certificate.

Now more than ever, entrepreneurs should be able to start, grow, and pivot their businesses quickly and affordably, without getting hamstrung by complex red tape. *Blueprint for Business* shows how District government can work together to create a culture of validating small-business innovation by making it cheaper, faster, and simpler to start a business here.

For more information, please contact Brooke Fallon at bfallon@ij.org or Alex Montgomery at amontgomery@ij.org.