

June 23, 2010

The Honorable Ulysses Currie  
Chairman, Senate Budget and Taxation Committee  
3 West Miller Senate Office Building  
11 Bladen Street  
Annapolis Maryland 21401-1991

The Honorable Norman H. Conway  
Chairman, House Appropriations Committee  
121 House Office Building  
6 Bladen Street  
Annapolis Maryland 21401-1991

**RE: Maryland Central Business Licensing (CBL) Project – 2010 JCR, page 151**

Dear Senator Currie and Delegate Conway:

In accordance with Page 151 of the 2010 Joint Chairmen's Report, the Department of Business and Economic Development (DBED) and Department of Information Technology (DoIT) are pleased to submit *A Report on the Maryland Central Business Licensing (CBL) Project*, which speaks to the need to simplify how entrepreneurs and other constituents in the business community apply for and obtain permits, licenses certifications, and registrations within the State. This report provides an overview of the existing situation, how several other states have leveraged technology to streamline their licensing processes, and how Maryland plans to address those needs through the CBL Project.

We look forward to your review of this report, and will be happy to furnish any additional information needed. If our staff or we can be of further assistance, or if you have any questions regarding this report, please contact is at 410-767-6301 (DBED) or 410 260-2994 (DoIT).

Sincerely,



Christian S. Johansson  
Secretary



Elliot Schlanger  
Secretary



## **Maryland Central Business Licensing (CBL) Project**

In accordance with 2010 Joint Chairmen's Report  
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**Submitted by**  
**The Maryland Department of Business and Economic Development (DBED)**  
**and**  
**The Maryland Department of Information Technology (DoIT)**

**June, 2010**

## Introduction

The State of Maryland seeks to retain the services of a professional information-technology consultant to provide preliminary information to support the Maryland Central Business Licensing (CBL) Project. The Department of Business and Economic Development (DBED) has issued a Consulting and Technical Services I (CATS I) Task Order Request for Proposal (TORFP) to obtain assistance with the planning for a multi-agency, statewide business licensing system. The consultant will gather information on the existing status of state resources supporting the issuing of business permits, licenses, certifications, and registrations; document data currently collected and workflows associated with these processes; conduct research regarding best practices in this area; develop a concept-of-operations and business case for the solution; and develop recommendations for Commercial-off-the-Shelf (COTS) software packages that can provide viable technological solutions for consolidated, electronic business licensing.

Phase I of the CBL Project involves the work of the consultant to essentially assess the current situation, and recommend a solution to enable the state to make it easier for businesses to acquire, and – ultimately – renew their permits, licenses, certification, and registrations online, over the Internet. Phase II of the project involves implementing the technology solution and promoting its use by the business community.

## Background

Maryland state agencies administer more than 400 programs to issue permits, licenses, registrations, certifications, or some type of approval to conduct business. Currently, each regulatory program maintains its own separate system. Businesses face a regulatory maze and multiple levels of bureaucracy when navigating through hundreds of permit, license, registration, and certification programs. Often, constituents are frustrated by inconsistencies in application processes, delays, the need to provide duplicate information multiple times, information gaps, and the lack of clearly defined and communicated processes.

Entrepreneurs want to be able to apply for permits and licenses over the Internet. State agencies need to be able to offer electronic licensing (e-licensing) because it is a faster, more efficient, and customer-friendly method of transacting business. E-licensing can save constituents both time and money, which will enhance the perception of Maryland's business-friendliness both throughout the state, and within competing economies.

This project crosses multiple agency boundaries, and will, therefore, be a cross-cutting effort. The Maryland Department of Information Technology (DoIT) and DBED will serve as the lead agencies heading up Phase I, of the CBL Project - planning. In this role, DoIT and DBED will oversee the management of the planning phase, and assist in coordinating the consultant and other stakeholder agencies. The following state agencies have been identified as primary stakeholders in this effort:

- Comptroller's Office
- Department of Aging
- Department of Agriculture
- Department of Environment
- Department of Public Safety and Correctional Services
- Department of Transportation
- Governor's Office for Minority Affairs
- Higher Education Commission

- Department of General Services
- Department of Health and Mental Hygiene
- Department of Housing and Community Development
- Department of Human Resources
- Department of Information Technology
- Department of Labor, Licensing and Regulation
- Department of Natural Resources
- Institute of Emergency Medical Services System
- Maryland Insurance Agency
- Office of the Attorney General
- Public Service Commission
- Secretary of State
- State Department of Education
- State Police

## Benefits

The greatest benefits of a CBL System will be realized by new and existing businesses in Maryland. Entrepreneurs will be empowered to more quickly establish businesses and obtain the permits, licenses, registrations, and certifications they need through the CBL system, while avoiding the hassle of providing redundant applications in-person at multiple agencies. Businesses will save time and money when they apply for permits, licenses, registrations, and certifications electronically, instead of mailing completed hard-copy forms to state agencies. Through available e-licensing technologies, businesses can complete applications, make payments, electronically sign documents, receive confirmation of application submittal, and obtain copies of permits, licenses, registrations, and certifications. State agencies can also operate more efficiently, saving both time and money, if related workflow processes are automated. In addition to handling initial applications, renewals can also be automated as well. Ultimately, the state and its citizens could benefit from new business start-ups and job creation in Maryland.

While not the first in the nation, Maryland's CBL solution will build on the lessons-learned and successes of other state governments that have implemented consolidated, online licensing systems. Maryland's system will represent the best-of-breed of other existing government e-licensing solutions, a few examples of which are described in the following section of this report.

## Case Studies

### Hawaii Business Express

Hawaii Business Express uses an automated wizard that allows users to file with both the Hawaii Department of Taxation (to obtain a Taxpayer ID) and the Business Registrations Division of the Department of Commerce and Consumer Affairs (DCCA). If a business has or will have employees, the system also files with the Department of Labor and Industrial Relations. According to the Hawaii Business Express Web site, additional features and benefits of the e-licensing system include: reduced errors, payment by credit card, the capability to save and review filings before purchase, an online history of all previous filings, the capacity to file multiple forms and create multiple businesses with one account, and an option to download .PDF versions of forms after purchase.

## Indiana Business One Stop

Indiana has already extended access to many permit, license, registration, and certification services via their IN.GOV and related Web sites. The scope of Indiana's Business One Stop vision is to interoperate as much as possible with existing technologies already in place and operational within agencies that administer licensing programs. Like Hawaii, Indiana also used a multi-agency approach by including resources from the Indiana Secretary of State, the Indiana Department of Revenue, the Indiana Department of Workforce Development and the Indiana Office of Technology.

Indiana's Business One Stop solution offers business owners guided workflows to conduct common types of business transactions with the state. Interview-style wizards, much like those used in Intuit's TurboTax and many other self-service software applications, guide business owners through the desired processes. These workflows are scripted and constructed to help the business owners complete business tasks, such as registering a new business. Although these business interactions will, in many cases, span multiple government agencies, each interaction appears to users as a seamless process between the business owner and a single entity.

## South Carolina Business One Stop

The South Carolina Business One Stop (SCBOS) is another multi-agency e-licensing solution. SCBOS provides complete permitting, licensing, registration, and certification functionality, including both initial licensing and renewals, from a single, Web-based interface, to entities that want to do business in South Carolina. The following were the key business objectives for the SCBOS implementation project:

- support businesses growth in South Carolina;
- offer improved, user-friendly customer service for new and existing businesses;
- improve the accuracy and streamline the flow of business information;
- shorten the timeframe for the registration and payment process;
- increase productivity for businesses;
- increase revenue to the state;
- increase productivity for state agencies;
- enhance the partnership of sponsoring agencies;
- increase efficiency and effectiveness; and
- extend productivity gains to counties and municipalities.

SCBOS Phase I started in June, 2003, with a core group of five South Carolina agencies: South Carolina Office of the Secretary of State; Department of Revenue; Employment Security Commission; Department of Labor, Licensing, and Regulation; and Department of Health and Environmental Control. Following the initial rollout, the South Carolina Department of Commerce and the State Budget and Control Board were incorporated into the project.

In the first eight weeks after its launch on May 24, 2005, SCBOS has delivered the following results:

- 2,586 SCBOS users;
- 2,557 licenses applications received;
- 1,967 licenses approved; and

- 592 businesses started.

## **Business Objectives**

The CBL System will offer constituents a unified Web portal through which they can enter the data required to apply for the permits, licenses, registrations, and/or certifications needed to start and conduct business in Maryland.

The main objectives of the CBL Project include:

- reduce redundant points-of-entry into state government agencies responsible for providing permits, licenses, registrations, and/or certifications;
- simplify the process of applying for, paying for, and maintaining business permits, licenses, registrations, and/or certifications;
- improve the efficiency of administering government permitting, licensing, registration, and certification programs; and
- improve the perception that Maryland provides a technologically cutting-edge, supportive, and friendly environment in which to do business.

Phase I is the initial planning stage of the CBL Project. Phase II of the project is the actual implementation of the online solution.

The vision for the CBL system is to provide entrepreneurs seeking to start a business or who currently own a Maryland-based business a single Internet portal through which to conduct all state business permitting, licensing, registration, and certification transactions (e.g. learn about business start-up assistance, register a new business, apply for licenses and permits, and pay for and print documents) in real time. The expectation is that the CBL system will reduce the time and/or costs required for processing; guide users through an inquiry process that identifies permitting, licensing, registration, and certification needs; guide users through the process of applying for those documents; eliminate the redundant entry of information on different forms at multiple agencies; and allow all fees to be paid through a single, secure, online transaction. This coordination will also allow information to be shared securely between multiple agencies without a duplication of effort on behalf of the user or agency staff.

## **Statement of Work**

The consultant chosen for this project will gather information and document when and how a business or prospective business interfaces with the State. This assessment should, at a minimum, identify:

- statutes and regulations that require a new or existing business to interact with the state for permitting, licensing, registration, and certification, and which agency is responsible for each interaction;
- current interactions that occur between the state and new or existing businesses;
- the current workflow process associated with each interaction;
- the current data associated with each interaction;
- the current systems that support each transaction;

- the current cost and revenues associated with each interaction; and
- the opportunities for improving the current provision of services.

In addition, the consultant will gather information from businesses that currently interact with state government agencies on permitting, licensing, registration, and certification issues to identify opportunities for improvement in the new system.

DBED will submit an Information Technology Project Request (ITPR) to DoIT for the CBL Project if this initial planning effort results in a recommendation to pursue a major information technology development project. If the recommendation is pursue a CBL solution as a service, rather than a state-owned system, an ITPR will not be necessary.

## Deliverables and Timelines

DBED will require deliverables as defined below. Within each task, the consultant may suggest other subtasks or deliverables to improve the quality and success of the project.

Deliverables	Expected Completion
Project Management Plan	NTP + 14 Calendar Days
Bi-Weekly Project Status Report	Bi-Weekly after NTP
Current Situation Report	NTP + 180 Calendar Days
Central Business Licensing Concept of Operations	NTP + 30 Calendar Days
Central Business Licensing Business Case	NTP + 60 Calendar Days
Central Business Licensing Business Case Briefing	NTP + 70 Calendar Days
Creation of an ITPR (if required)	NTP + 70 Calendar Days
Commence solicitation for COTS product and implementer or commence solicitation for a service provider	NTP + 60 Calendar Days
<u>Note:</u> NTP = Notice-to-Proceed	

## Alternative Project Financing

The first phase of the CBL Project consists of planning, analysis, and documentation, in which the state intends to award a contract to an experienced consultant who will leverage the required resources and tools to provide the following:

- a current assessment of the “as is” processes around the interactions between the state and its business community, including new and existing businesses;
- a CBL “concept of operations” that will depict the future state of affairs in which a Maryland business “knowledge base,” application for licensing and permitting, fees and tax payments, etc., will be simplified and centralized within an easy-to-use, business friendly Web portal; and
- a CBL “business case” which delineates the “cookbook” steps to develop the state-of-the-art portal technology, while justifying the required investment.

The Department of Budget and Management (DBM) worked with the stakeholder agencies, boards, and commissions to derive an appropriate distributed-funding plan to support the budget required for the consultant’s activities.

Agency	Total Number of Licenses, Certifications, and Registrations Attributed to Agency in BLIS	Funding Type	FY 2011	FY 2012	FY 2013
DHMH	71	SF	\$ 428,253	*	*
DLLR	58	SF	\$ 13,043	*	*
DNR	18	SF	\$ 788	*	*
MDA	34	SF	\$ 4,018	*	*
MDE	62	SF	\$ 21,951	*	*
MIA	22	SF	\$ 1,418	*	*
MDOT/MVA	45	SF	\$ 9,725	*	*
New General Funds	n/a	GF	\$ 98,804	*	*
<b>Totals</b>			<b>\$ 578,000</b>	-	-

**\* Costs are to be determined and are proposed to be covered by revenues generated by permit, license, certification, and registration fees, as described in the "Alternative Project Financing" section of this report.**

Considering that the study may favorably pave the way for the eventual acquisition of the statewide CBL technology and implementation, the question looms as to how the state could garner the requisite funds given the severe fiscal pressure that is forecast to linger through a protracted economic recovery. Following the model used by many other states, the answer may lie in the concept of a self-funded e-government portal. As opposed to the traditional “fee-for-service” contracted IT development-project scenario, the self-funded e-government portal project is a potential opportunity for the state to align with a technology provider that takes on the Web-based portal development and operation in exchange for a percentage of the revenue it helps to produce.

In other states, the self-funded e-government portal provider introduces and/or enhances e-registration and e-payment capabilities that would comprise the desired content of the CBL Project. With an emerging catalog of online services, the revenue opportunities tend to grow with the quantities, capabilities and conveniences of applications introduced by the technology solutions provider. In the same states, the new and/or fortified revenue streams are not only sufficient to perpetuate the ongoing e-government development and operations, they also provide for new Web-portal applications, which may not derive revenue at all.

The state is contemplating a competitive procurement to secure a self-funded e-government technology solution provider. Should this pursuit complete successfully, the CBL project would be a likely candidate for this approach and would derive its funding for Phase II as previously described.