

# Small Business Roundtables: 2008 Statewide Report

Longview | Bremerton | Everett | Wenatchee

Department of Community, Trade and Economic Development  
Employment Security Department  
Department of Labor and Industries  
Office of Minority and Women's Business Enterprises  
Governor's Office of Regulatory Assistance  
Department of Revenue





## **Listening to small business owners across Washington**

Governor Gregoire invited small business owners and business association representatives to meet with agency leaders from the Departments of Labor & Industries (L&I), Revenue (DOR), Employment Security (ESD), Community, Trade and Economic Development (CTED), Office of Minority and Women's Business Enterprises (OMWBE) and the Governor's Office of Regulatory Assistance (ORA). Agency leadership used this collaborative approach to actively listen to business owners and gain feedback on their agency and services they provide. Implementing changes that reduce regulatory requirements has made Washington a good place to do business. These roundtable events were conducted to continue reducing regulatory requirements making Washington a great place to do business, work and raise a family. A special event to meet Hispanic small business owners in Wenatchee was added to the 2008 series.

Business owners were encouraged to discuss how routine processes are working and share their thoughts about making Washington a business friendly state where it is easy and convenient for small businesses to operate. More than 145 small business owners met in May 2008 with agency directors, deputy directors, and their staff. Sessions were held in Longview, Bremerton, Everett and Wenatchee to solicit ideas for improvement. The cities were chosen because they represented different parts of the state than those visited in 2007.

## **Methods for conducting the roundtables**

Mailing lists from the participating agencies were used to invite small business owners with 20 or fewer employees to the roundtable discussions. Care was given to invite businesses that represent different industries in the state. Walk-in attendees were also welcomed. Several business organizations helped promote the event to their members.

Agencies provided brochures and fact sheets which outlined items such as: current tax incentives, electronic filing and payment systems, the state's business website and WorkSource program. Hosting agencies introduced their new small business liaisons that resulted from the 2007 sessions. Each three-hour morning session started with small table discussions. Attendees were asked to focus feedback on two questions:

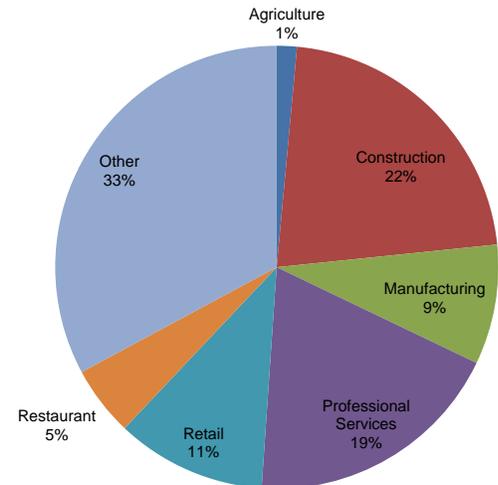
- Question one asked business owners "what is working well today?" This exercise allowed the participating agencies the opportunity to learn from each other and copy approaches that currently work.
- Question two asked business owners "what is not working so well?" Attendees were also encouraged to provide suggestions for change.

A facilitator at each table kept the discussion moving and a note taker recorded all the comments. Each table shared major themes with all attendees at the session. Attendees provided additional feedback in their written evaluation about what issues are most important to resolve now. Comments for each city can be seen at [www.ora.wa.gov/roundtables.asp](http://www.ora.wa.gov/roundtables.asp).

## Who attended the roundtables

L&I, ESD, DOR, OMWBE, CTED and ORA hosted the events. Agency leaders and their staff participated at all four of the events. Members from the media and legislature were present at some events. Business owners from various industries attended the roundtables as shown below.

Industry	Longview	Bremerton	Everett	Wenatchee
Agriculture	0	0	0	2
Construction	10	6	12	2
Manufacturing	2	2	6	2
Professional Services	2	12	8	4
Retail	2	2	5	6
Restaurant	0	3	1	3
Other	11	10	14	10
<b>Total Attendees (137)</b>	<b>27</b>	<b>35</b>	<b>46</b>	<b>29</b>



Ten Hispanic existing and prospective small business owners from the Wenatchee area met with regional staff from all the agencies during a separate event. The informal event provided information about how to start a new business and encouraged attendees to ask questions about regulatory requirements that were confusing. Attendees were pleased with the outreach effort and look forward to future Latina outreach events.

Attendees rated satisfaction with the events at 3.33 on a 4 point scale.

## What we learned

Generally, business owners who attended want to comply with the state's regulatory requirements. However, they find the process of compliance is often complex. Business owners want government agencies to consolidate information about similar topics whenever possible. For example, bringing all the information together about agency audit processes would be helpful. Many business owners like using the state's business website [www.Business.wa.gov](http://www.Business.wa.gov). Placing related information into topical areas on the website could be one good way to consolidate information. Business owners are also eager to have information specific to their industry so they can see what applies to them. Feedback from roundtable attendees sorted into five themes.

1. [Small Business Assistance, especially for new businesses](#)
2. [Rules & Regulatory Burden](#)
3. [Technology & Websites](#)
4. [Compliance & Audit Process](#)
5. [Forms & Publications](#)

The themes in 2008 closely matched those in 2007. Small business owners attending in 2008 are more satisfied with agency websites and like the online filing processes. They are also pleased with the service provided by the new agency small business liaisons created as a result of feedback from the 2007 attendees. Small business owners would like to have the Department of Ecology (ECY) represented at future roundtable events.

Agency leaders reviewed the feedback and developed action plans<sup>1</sup>. The plans address those improvements that can be made immediately with existing resources and those that require more information and planning. Some of the issues that were raised by the participants will need attention from more than one agency. In those situations, agency leaders have agreed to work together to find ways to resolve some of these more complex issues. As mentioned during opening remarks at each session, some concerns may require major changes that can only be accomplished through legislation and/or require additional funding.

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<sup>1</sup> "The number of comments received regarding OMWBE and CTED were nominal; not sufficient to establish a theme either as to "what is" or "what is not" working. Regardless, OMWBE and CTED have made specific commitments to participate in the multi-agency efforts and OMWBE has included some specific items, as outlined in the following Action Plans."

# 1. Small Business Assistance

## What is *working* today?

- Outreach through roundtables and specialized tax workshops are great. Being at the roundtables in 2007 and 2008, shows the state cares about small business.
- Having a single point of contact in each agency is very helpful.
- Most agencies are very responsive and have good people across the state willing to listen. They provide excellent and pleasant customer service.
- Agencies are getting better at coordinating with business associations.
- DOR's outreach and education on Streamlined Sales Tax has been very helpful.
- DOR's New Business Outreach workshops; Phone Center assistance and availability are helpful.
- L&I's Consultation program with free, non-regulatory inspections is working well. See [www.SafetyConsultants.Lni.wa.gov](http://www.SafetyConsultants.Lni.wa.gov)
- L&I's consultation visits for safety are very helpful.
- L&I's Contractor training is great and Small Business Liaison office is very helpful.
- ESD helps businesses find new employees and is responsive to businesses that cease operations.
- ESD's Shared-Work Program is valuable.

## What is *not working* so well today?

For new businesses:

- Don't understand all requirements for starting a business. Need step by step instructions for all agency requirements for starting a new business.
- Expectations for new businesses are not clear, consider:
  - Providing a tutorial or better guidance about organizations available to help them understand and meet their regulatory requirements, ways to grow the business, etc.
  - Mandatory workshops so new business owners understand and do the right thing.
- Lack of business start-up education/outreach from OMWBE.

For existing businesses:

- It's not easy to understand all the government requirements. Create a small business checklist for different industries and include monthly, quarterly and yearly tasks a business needs to do for city, county, state and federal requirements.
- Don't know what training is available. Consider creating a multi-agency online calendar for all workshops, events and training.
- Lack of awareness of Personal Property Tax obligations.
- Need more education on Use Tax obligations.
- Taxes for specific industries can be confusing; need more industry specific tax guides. It would be helpful to have combined industry specific tax guides from all agencies.
- Better publicity needed for L&I programs that assist or are beneficial to employers.
- No set claims manager at ESD. Businesses work with a new person each time.
- WorkSource referrals don't always meet requested profiles or qualifications.
- Employers need specifics on how to assist WorkSource in the hiring process.

## 1. Small Business Assistance Action Plan

<b>Multi-Agency Effort</b>	<ul style="list-style-type: none"> <li>➤ Identify existing industry guides from all agencies. Add appropriate consolidated guides when feasible.</li> <li>➤ Find new ways to market new business outreach and training efforts to reach more prospective business owners.</li> <li>➤ Partner with Small Business Development Centers (SBDC) and Department of Licensing to make regulatory requirements more clear for new businesses before they start their business.</li> <li>➤ Review each agency's new business packets and simplify and/or consolidate when feasible. Consider coordinated approach when sending information.</li> <li>➤ Explore feasibility of creating a checklist that shows what a business or a specific industry needs to do meet city, county, state and federal requirements each month, quarter, year.</li> <li>➤ Develop a multi-agency online calendar for all business workshops, events and training and post on <a href="http://www.Business.wa.gov">www.Business.wa.gov</a>.</li> <li>➤ Wenatchee regional agency staff will continue outreach to Hispanic community. Agency regional staff will model successful Hispanic outreach in their regions of the state.</li> </ul>
<b>L&amp;I</b>	<ul style="list-style-type: none"> <li>➤ Review and revise promotion programs that assist or benefit employers (Retrospective rating, Claim and Account Center, risk management and safety consultations)</li> </ul>
<b>ESD</b>	<ul style="list-style-type: none"> <li>➤ Tax Training Unit and District Tax Offices will continue participating in workshops, training and presentation with other state agencies and stakeholders.</li> <li>➤ Reduce the time it takes to establish an employer's account number, which may be required for some software programs and representatives.</li> <li>➤ Assist employers in understanding their tax rates by quickly processing tax recalculation requests.</li> <li>➤ Improve refund service to employers who have overpaid their taxes.</li> <li>➤ Help employers learn to file electronically, which will assist them in meeting some requirements.</li> <li>➤ Develop, monitor and evaluate a Shared Work employer survey to ensure the program is assisting in business preservation, layoff aversion and job retention. Survey is expected to be completed and results analyzed by 12/31/08. The results will be shared with participating employers and may result in future quality improvement initiatives.</li> </ul>
<b>DOR</b>	<ul style="list-style-type: none"> <li>➤ Continue to look for additional opportunities/avenues that would increase awareness of personal property tax obligations.</li> <li>➤ Analyze existing education material and training efforts done related to use tax obligations. Make appropriate changes based on analysis.</li> </ul>
<b>OMWBE</b>	<ul style="list-style-type: none"> <li>➤ Collaborate with DOR, L&amp;I and ESD to deliver consolidated business start-up/licensing/compliance training. OWMBE will conduct quarterly business start-up licensing requirements training with DOR, L&amp;I and ESD as resources permit.</li> <li>➤ Develop industry networking groups to facilitate partnering, expand capacity, share best practices among firms. Develop industry mentor list. OWMBE will organize and host quarterly industry network group meetings.</li> </ul>
<b>ORA</b>	<ul style="list-style-type: none"> <li>➤ Continue enhancing <a href="http://www.Business.wa.gov">www.Business.wa.gov</a>, the state's business website to include more step-by-step guidelines for new businesses. Consider focusing on one industry and developing a stronger partnership with related business associations.</li> </ul>

## 2. Rules & Regulatory Burden

### What is *working* today?

- Small Business Development Centers offer good assistance with business planning.
- L&I's voluntary safety consultations are very cool!
- ESD's Work Source program helped find new employees.
- L&I's Claims process works easily, is "seamless" for minor injuries.
- L&I's Retrospective Rating program works very well and increases safety see [www.Retro.Lni.wa.gov](http://www.Retro.Lni.wa.gov).
- L&I is holding down medical costs.

### What is *not working* so well today?

- "One size fits all" approach doesn't work for small business.
  - Need to make regulations, penalties and fees reasonable for smaller businesses.
  - Rules and taxes for start-ups should be different from established businesses. Consider a 90 day window to help new businesses get up to speed.
- Some rules violations are repeated by many businesses; consider tracking most frequent rule violations and focus on training businesses to avoid those violations.
- ECY's 72 hour notice and paper process for well drilling is outdated and takes several days for the Ecology fiscal office to verify payment before they would respond with their confirmation. Need online notice process and online payment options to speed this process.
- All natural resource regulators need to work with rather than against small businesses.
- Changing business structure is cumbersome, i.e. from sole proprietorship to corporation.
- Concerns with B&O tax structure:
  - Level of burden on new business is too high.
  - Inconsistency with local B&O tax regulations (tax base and nexus standards).
- Sales Tax – level of burden of collecting taxes for multiple taxing jurisdictions.
- Workers' compensation regulations are slanted too far in favor of employees (against employers)/pendulum has swung too far.
- Small business needs more flexibility in workers' compensation risk classes.
- Workers' comp annual rate notices arrive too late in the year.
- Brinks Decision (State Supreme Court) leaves employers uncertain of the rules for paying workers that are based at home and drive employer-owned vehicles.
- No employee responsibility for safety – means that employer becomes "babysitter".
- Unemployment insurance claims should be more flexible to accommodate seasonal workers but don't hurt employers.
- Financial impacts of unemployment insurance taxes are hard on businesses because the current system takes into account previous employers' experience ratings.

## 2. Rules & Regulatory Burden Action Plan

<p><b>Multi-Agency Effort</b></p>	<ul style="list-style-type: none"> <li>➤ Identify the most common rule violations and focus training to help businesses avoid those violations. Consider starting with one industry.</li> <li>➤ DOR will offer assistance to ECY regarding options for electronic processes for fee payments.</li> </ul>
<p><b>L&amp;I</b></p>	<ul style="list-style-type: none"> <li>➤ Mail all workers' compensation rate notices during the first 10 days of December, which is 2 weeks earlier than in previous years.</li> <li>➤ Expand workers' compensation claims manager training on employer needs and concerns. Implement in 2009.</li> <li>➤ Provide small-business employers with assistance early in the life of a workers' compensation claim that helps them more effectively manage claims and return injured workers to work as soon as medically possible. Proof-of-concept project to begin in 2009.</li> <li>➤ Explore options for making workers' compensation risk class changes that allow:             <ul style="list-style-type: none"> <li>○ construction estimators to split their time between the estimator class and other construction risk classes;</li> <li>○ shop personnel in construction industries to be split between shop and construction risk classes;</li> <li>○ lower-cost clerical classes to be used when appropriate for recovering injured workers who are working light-duty jobs.</li> </ul> <p>Proposed rules will be filed in September 2008 and will be subject to public comment.</p> </li> <li>➤ Develop guidelines to help employers respond to the Brinks Decision, based on negotiations and agreement between business and labor representatives. Guidance will help employers understand L&amp;I's interpretation of the ruling. Guidelines available September 2008.</li> <li>➤ Develop an enforcement policy related to workplace safety that is consistent with criteria in the law covering employee misconduct and employer responsibility. Scheduled for implementation in October 2008. By law, employers are responsible for workplace safety and the actions of their employees. In some circumstances, employers can avoid a citation if they can prove willful employee misconduct and have an effectively enforced safety program.</li> </ul>
<p><b>DOR</b></p>	<ul style="list-style-type: none"> <li>➤ Analyze existing education material related to the B&amp;O tax (both state and local). Identify opportunities and make improvements.</li> <li>➤ Continue to provide input to legislature on efficient ways to administer legislatively proposed B&amp;O tax relief for small business.</li> <li>➤ Continue to enhance and develop tools &amp; education that reduce the burden of collecting sales taxes for multiple jurisdictions.</li> </ul>
<p><b>ORA</b></p>	<ul style="list-style-type: none"> <li>➤ Work with Secretary of State and Department of Licensing to explore ways to reduce confusion and streamline the process for changing business structure.</li> </ul>
<p><b>ECY</b></p>	<ul style="list-style-type: none"> <li>➤ ECY has automated the well drilling process. Information about the automated process can be found at <a href="https://fortress.wa.gov/ecy/wrwater/Wells/">https://fortress.wa.gov/ecy/wrwater/Wells/</a>.</li> <li>➤ ECY has implemented a voluntary program to allow for an interim automated payment process. ECY will coordinate with DOR to implement a permanent, automated payment process. This new system eliminates that several day wait and makes it effectively "same-day" confirmation if the well driller participates in this new optional fee deposit program. ECY will coordinate with DOR to implement a permanent, automated payment process.</li> </ul>

### 3. Technology & Websites

#### What is *working* today?

- Most agencies have quick, easy processes for filing applications, returns and payments.
- Individual agency websites are very informative and easy to navigate.
- Electronic fund transfer works well for agencies that have that option.
- The state's business website, [www.Business.wa.gov](http://www.Business.wa.gov) is a great resource and provides much helpful information in one place.
- Online systems helped reduce errors and saved business owners time. One business reduced time for a routine task from 60 to 20 minutes.
- Tools provided by DOR to assist in destination based sales tax collection.
- L&I's online tracking of claims; ability to see documentation online
- L&I's website is easy to use and has helpful information.
- L&I's online systems for electrical permits, prevailing wage reports, registered contractor lookup & verification system, save time and are easy to use.
- ESD's dispute resolutions that are conducted via teleconferencing, saves time.
- ESD's tax reporting requirements process is easy.
- ESD's unemployment insurance claim verification (UCC1 filing) is working well.

#### What is *not working* so well today?

- Agencies use different processes for online filing. Need consistent methods for secure access and processes once you start filing.
- Agencies need consistent and efficient search engines on their websites.
- Not enough Spanish websites. Need more multi-lingual information on websites. OMWBE's website needs to be accessible in other languages.
- Need more efficient and consistent search engines for all agency websites. Searches should work across agencies like Westlaw or Wikipedia.
- Agency websites are not consistent. Agencies should coordinate look and navigation to help visitors find same kinds of information in similar places on all websites.
- CTED's website needs to be clearer and more useable.
- Provide all agency business forms online and downloadable.
- Need options to use software like Quickbooks with state agency systems.
- Payroll service organizations cannot pay workers' compensation premiums online, while they can pay all others online.
- The Labor Market and Economic Analysis branch of ESD needs to be more visible on its website.
- ESD's reporting forms are not available on its website, causing some businesses to accrue penalties and interest. Today businesses are penalized if they use a copy of a form rather than the original form.

### 3. Technology & Websites Action Plan

<b>Multi-Agency Effort</b>	<ul style="list-style-type: none"><li>➤ Online audio/visual presentations covering tax basics for small business will be translated and narrated in Spanish.</li><li>➤ Agencies will continue conducting usability tests to find the best search tools for websites.</li><li>➤ Explore funding to standardize filing processes or entry to filing processes through security gates.</li><li>➤ Agencies will provide more multi-lingual information on websites as funding and resources allow.</li></ul>
<b>L&amp;I</b>	➤ By April 2009, payroll firms will be able to electronically file workers' compensation quarterly reports for multiple clients, reducing errors and complexity in the reporting process.
<b>ESD</b>	<ul style="list-style-type: none"><li>➤ Some of the required reporting forms are now available online at: <a href="http://www.esd.wa.gov/uitax/formsandpubs/ui-tax-forms.php">http://www.esd.wa.gov/uitax/formsandpubs/ui-tax-forms.php</a> (or go to the main page, <a href="http://www.esd.wa.gov">www.esd.wa.gov</a>, and click on "file unemployment taxes").</li><li>Two forms must still be ordered from the department because they have special features that cannot be printed with regular business printers.</li><li>This link also includes information on required employer posters.</li><li>➤ Tax policy unit will coordinate with Communications to review web pages for "plain talk" and links. Work relative to applications based on funding availability.</li></ul>
<b>CTED</b>	➤ CTED is in the process of making minor updates to our website. One of the priorities is to make it easier for key users to find what they need. One of those audiences is small business.
<b>OMWBE</b>	➤ Add Spanish/Vietnamese Language Tab to website (next Biennium, subject to approval from Department of Information Services).

## 4. Compliance & Audit Process

### What is *working* today?

- L&I and ESD fraud hotlines are easily accessible.
- DOR's audit process works well.
- ESD's auditors are courteous, knowledgeable and helpful.

### What is *not working* so well today?

- Business owners don't know what to expect with audits. Provide a list of information needed to save businesses time and provide guidance more than 2 weeks before audit.
- L&I is too focused on enforcement and not enough on education. Anti fraud mentality actually punishes small businesses.
- Need more attention focused on the "underground consumer" who hires unregistered or otherwise non-compliant contractors.

## 4. Compliance & Audit Process Action Plan

### Multi-Agency Effort

- Continue efforts to ensure fair competition by identifying:
  - Unlicensed construction contractors competing against lawfully registered contractors
  - Firms that aren't paying their fair share of workers' compensation premiums or haven't paid other L&I obligations
- Agencies will explore ways to provide education to small business owners and associations about what is involved with audits. Transparent information in the form of checklists, FAQs and other methods may be developed and audit information will be displayed on [www.Business.wa.gov](http://www.Business.wa.gov). Agencies will also explore ways to expand consultations to include pre-audit assistance.

### L&I

- Identify planned audits in industries that have not traditionally received audit attention for workers' compensation. Provide information campaign for six months prior to the start of audits with opportunity to correct reporting errors without penalties. Note: Construction contractors receive regular audit attention and are not part of this program. Training is available at statewide Contractor Training Days.
- Implement education campaign focused on consumers of construction contracting services funded by 2008 Legislature. Campaign starts in Spring 2009.

### ESD

- Develop a listserv that notifies business owners of upcoming training sessions, so that entrepreneurs stay current on tax issues and compliance.

## 5. Forms & Publications

### What is *working* today?

- DOR's forms are easy to use

### What is *not working* so well today?

- Many agency processes are not as straight forward as their paperwork indicates. All agencies should continue "Plain Talking" rules, procedures, laws and publications.
- It's difficult to understand what's important from all the email and postal mail received.
- Each agency sends information today and there is a lot of information. Consider:
  - Consolidating newsletters from all the agencies and focusing on industry specific information in correspondence.
  - Finding ways to make it obvious which information is important and stop sending "junk mail".
- OMWBE's certification process is burdensome and takes too long. Application is difficult to complete. It is difficult for business owner to prove status.
- Inconsistent communications from ESD cause confusion for small business owners.
- Unemployment insurance tax reporting forms are not sent to businesses in a timely manner.

### 5. Forms & Publications Action Plan

<b>Multi-Agency Effort</b>	<ul style="list-style-type: none"> <li>➤ Continue agency efforts in "plain talking" its publications and rules. Clearly and consistently identify critical information in communications. Continue to make sure business owners receive only important information or a request for them to take specific action.</li> <li>➤ Explore ways to consolidate agency newsletters or at least send related information in one package.</li> <li>➤ Explore opportunities to consolidate communications to business owners in the same industry; partner with associations for ideas.</li> </ul>
<b>L&amp;I</b>	<ul style="list-style-type: none"> <li>➤ Simplified workers' compensation quarterly reporting form and instructions will be available in April 2009 for reporting of 1st quarter 2009 premiums. Simplified annual workers' compensation rate notice was released in December 2007.</li> </ul>
<b>OMWBE</b>	<ul style="list-style-type: none"> <li>➤ New streamlined certification application and Online QWIKCHEK being instituted to streamline application process and reduce difficulty of application.</li> </ul>

## **Next steps**

A progress report will be written and distributed to business owners in Spring 2009. The report may also include future action plans that agencies have developed to help address and coordinate the more complex issues that cross multiple agency operations. Agencies are considering another round of small business meetings in 2009.

## **Learn More /Contact Us**

You can see reports containing all comments for each city at [www.ora.wa.gov/roundtables.asp](http://www.ora.wa.gov/roundtables.asp). The Governor along with the participating agency leaders have reviewed all comments and have agreed on the action plan included in this report. If you have questions or additional comments about the roundtable discussions, please contact a small business liaison from one of the participating agencies.

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