

**New Jersey Department of the Treasury, Division of Revenue and Enterprise Services**

**“New Jersey Online Business Formations and Registrations”**

**Category: Enterprise IT Management Initiatives**

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## **Executive Summary:**

In November 2015, the New Jersey Division of Revenue and Enterprise Services (DORES), a unit under Treasury, launched its new online Business Formations and Registrations service. The new service improved the way that businesses begin operating in the State of New Jersey by creating a unified service that simplified the formation and registration process.

The new service enhances State governance by enabling businesses to seamlessly form for legal purposes and register for taxation and labor purposes in one simple process. Previously, DORES provided separate online services allowing businesses to form and register for tax and labor purposes. Additionally, the service offers customers the ability to search and validate selected business names, identify registered agents by their identification number, upload documents such as Good Standing Certificates and business purpose statements, and immediately post official copies of filed documents on the public record system for legal business entities. This is key to establishing a fully recognized business presence in NJ.

Since these services were not tied together, many businesses would form, but fail to register, confusing business owners and reducing compliance. Online government services must not only provide benefits to customers through ease of use, but also eliminate the requirement for customers to understand governmental structure when seeking to file formation and tax/employer registration forms. In this case, the Formations and Registrations service enables businesses to reduce the data entry burden by flowing data seamlessly across system and program boundaries.

The new online service also transforms how businesses receive their legal certificates and documents from the State. The service provides companies with their business documents immediately. Upon completion of registration, businesses can print all documents necessary to begin operations, including the Certificate of Formation, the Standing Certificate, the Sales Tax Certificate of Authorization, and the Business Registration document. This enables businesses to commence operations on the same day, rather than waiting weeks for paper documents to arrive via snail mail.

A key component of the new service is the ability to deliver these enhancements at a substantial savings to the State. This was the primary factor in selecting this alternative as the long term solution by encouraging business growth in the State, a key strategy for the current administration. The initial development costs for the enhanced service were borne entirely by the State's E-Government contractor. In addition, the service delivers long term cost efficiencies from the management of paper and postage costs, as well the reallocation/reduction of personnel associated with manual processing of business data.

## **Concept**

DORES provided separate online services allowing businesses to form for legal purposes and register for taxation and labor purposes. Since the services were not tied together, many businesses would form, but fail to register, confusing business owners and reducing compliance. These “orphaned” companies in the business database caused problems for DORES frequently resulting in businesses being entered into the tax database multiple times, requiring manual intervention to correct. Another challenge was that requirements over time change, making the previous service inefficient and limited in customer service offerings. As a result, DORES had two choices – update the existing service, or enhance that service by creating a new application that allowed for a seamless transition from a business formation to the new registration process. DORES took the opportunity to improve the business process and develop a new registration service to accept the full breadth of business filings – business entities and sole proprietorships, as well as those entities that are requesting only a Business Registration Certificate to bid on public contracts.

Collectively, the IT enhancements are significant to the service. The new Online Registrations service has provided a solution that enables out-of-state businesses with NJ employees to register their business for tax purposes.

## **Significance**

Business in NJ has now been made easier due to the new application. The service offers several valuable enhancements to the business community. Customers now have the ability to search and validate selected business names, identify registered agents by their identification number (reducing manual input and increasing accuracy), upload documents such as Good Standing Certificates and business purpose statements, and immediately post official copies of filed documents on the public record system for legal business entities. This is key to establishing a fully recognized business presence in NJ.

DORES had two major goals – provide an easy-to-use interface to encourage customer adoption, and create a seamless process for both forming and registering a business. DORES achieved both goals. To create the new process, DORES partnered with the New Jersey Information Division of NICUSA, Inc., a subsidiary of the eGovernment services firm NIC. NICUSA, Inc. is the official eGovernment partner of the State, helping New Jersey government entities to web-enable their information services.

The solution begins with allowing the formation of businesses and payment of filing fees via electronic check or credit card in a single online session. The service immediately provides critical documentation needed by the business to operate, such as the Certificate of Formation delivered online. The official certificate can be downloaded by customers immediately upon completion of the formation filing within 30 days. Following registration,

the customer receives other key documents including the Sales Tax Certificate of Authorization and Business Registration Certificate for public contracting. Customers can easily complete the formation of a business in only minutes using their computer or a mobile device. Once the business is formed, the customer is directed to register for taxation and labor purposes. The service saves critical information that the customer already entered during the formation process and uses during the tax/labor process, saving time and increasing accuracy.

The New Jersey taxation and labor registration revolves around a series of questions designed to understand the nature of the business. Some of these questions, if answered yes, will trigger follow up questions. The service dynamically generates the appropriate questions based on the customer's response pattern. This helps to ensure that the customer answers all questions required to register the business and only those questions required for registration. It saves the customer time and reduces confusion and filing errors.

Based on responses given, a confirmation email is delivered to the customer at the completion of the filing. The email lists any additional steps the customer must take with agencies such as the Division of Taxation, Department of Labor and/or Division of Consumer Affairs.

In order to increase the compliance with registration requirements, the service sends notifications to customers who filed formation documents, but failed to register, reminding them to meet their registration obligation. When customers return to the registration service and enter their business ID's, provided at the time of formation, their formation information will flow automatically to the appropriate registration fields, saving the customer time and reducing error.

The dynamic and rules-driven nature of the Registrations service has increased the accuracy of filings. The service also enhanced several lookup features, including business name to determine if the name can be used in NJ, as well as a registered agent lookup that automatically populates the fields if the customer enters a valid registered agent number.

Another benefit on the online application is the elimination of any required scanning of documents to enter images into the backend system. Online formations are now automatically entered into the backend electronic document management system.

### **Impact**

The online Business Formations and Registration Service has transformed how businesses interact with New Jersey State Government. It has broken down governmental silos that existed for years in the Departments of the Treasury, State, and Labor and Workforce Development. Businesses previously interacted with these State agencies separately and often times waited weeks or months to satisfy the requirements of one agency before addressing the needs of another. Now, with this unified service they have one online

interaction that addresses the requirement of all three agencies and typically requires less than one hour.

Another major impact of the enhanced service are the cost efficiencies achieved by eliminating the processing and mailing of business certificates. Since launching in December 2015, more than 28,000 new businesses have formed and registered using the enhanced service. In previous years, these transactions would have resulted in the processing and mailing of more than 60,000 certificates and notices. Now, with the new service the certificates and notices are virtually eliminated. This will result in real savings to the State of \$100,000 annually.

Finally, the online Business Formations and Registration service's enhancements have eliminated several manual operations. DORES no longer needs to review online registrations to ensure their identification numbers and common registry information match their formation records. Employees no longer need to process and mail paper certificates and notices to businesses as they are now downloaded and printed online. And, formation document scanning now occurs automatically with the enhanced service. The elimination of these operations alone has resulted in the reallocation of four full-time equivalent employees with a projected annual savings of more than \$200,000.

The DORES initiative won a national award this year from the Public Institute of Technology for Significant Achievement.