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How to Run a Business in Florida

By Adam C. Uzialko, Writer June 20, 2019 09:46 am EST

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- Florida businesses have a tax advantage over small businesses in some other states.
- Florida is home to several startup hubs that offer ready access to investors.
- The seasonal highs and lows of Florida's economy mean you must plan accordingly.

The Sunshine State is home to the [fourth largest economy in the nation](#). Its growth in 2018 significantly outpaced the U.S. at large at a rate of 3.5% to 2.9%. Small businesses are an essential part of the economic landscape in Florida, [making up 99.8% of all businesses](#) and employing 3.3 million employees, more than 42% of the state's workforce.

Currently, Florida's unemployment rate stands at a low 3.4%, which is lower than the national average of 3.6%. The top five industries for small business in Florida are accommodation and food services; healthcare and social assistance; professional, scientific, and technical services; construction; and retail.

These economic indicators are encouraging for the state, but only tell part of the story. To really understand the opportunities and challenges facing entrepreneurs in Florida, it requires a look into the seasonal dynamics facing many businesses across the state, which falls in the subtropical to tropical temperature zone.

Low taxes

Florida is generally known as a state with an overall low tax burden. It is one of seven states in the U.S. that doesn't have a personal income tax, making it a highly attractive state for pass-through entities, such as LLCs. The state sales tax is middle of the road on taxes for rented or purchased goods at 6%. That excludes such necessities as groceries and medicines. Corporations in Florida must file a corporate income tax return, but at a low top rate of 5.5%.

"Florida doesn't have a state income tax or some of the other nuisance business taxes found in other states," said Robert Livingstone, president and founder of [IdealCost.com](#).

Some business owners are uprooting their businesses to move into Florida due to the tax advantages. Daniel DiGiaino, CEO of [Baker Street Funding](#), is in the process of relocating the company from New York City to Florida specifically to reduce their tax burden.

"[One reason we're moving to Florida] is because of the tax benefit," said DiGiaino. "Moving from a city with one of the highest tax rates in the country to a state with no state tax is a huge savings both personally and professionally."

Access to capital

Entrepreneurs also report sufficient access to capital for starting and growing their business in Florida. In addition to more than 150 banks across the state, Florida is home to significant amounts of investment capital from venture capitalists and angel investors, some business owners report.

"The idea that you have to be in huge metropolitan areas like New York or Silicon Valley for access to capital is overblown," said Andy Latimer, founder and CEO of [Bluewater Media](#). "The stable business environment in Florida makes business here ripe for investment. Also, the walls of access to large markets have been broken down by technology."

It wasn't always the case that Florida attracted private investment capital. In recent years, however, investors have turned their eyes to the Sunshine State. Today, Florida is home to several economic hubs considered to be incubators of innovation and startups.

"Whereas Florida used to be a state largely excluded from the startup and VC scene, things have changed considerably between over the last five years," said Zohar Pinhasi, CEO of [MonsterCloud](#). "I now see it as a promising and cost-effective location for buzzworthy startups."

Cost of living

The [cost of living in Florida](#) is slightly higher than the U.S. average across the board, but it remains more affordable than other major economic hubs in the country. This means entrepreneurs can plug into a humming business landscape at a reasonable cost, though housing and transportation costs are somewhat pronounced.

"The cost of living and operating a business is still generally significantly lower than in New York, Chicago, D.C., San Francisco or L.A.," said Pinhasi.

There is significant fluctuation of prices based on locality, of course. For example, Miami tends to be more expensive than other major metropolitan areas in the state, such as Jacksonville or Tampa Bay. For businesses with physical locations,

real estate costs, in particular, vary widely, so it's important to research local markets.

Florida's current minimum wage rate is \$8.46, as of January 2019. Florida labor laws do not say anything about overtime payment requirements. There are no Florida laws requiring employers to provide employees with severance pay if someone is let go. There are also no state laws requiring employers to provide employees with vacation benefits or sick leave, either paid or unpaid.

Seasonal economy

Florida is widely known as a tourist state, and with that reputation comes a significant seasonality to business. In spring and summer, when the weather is nicer in the northern states, fewer tourists and snowbirds spend their time and money in Florida. That means business slows significantly for the entrepreneurs that operate in Florida year-round. Running a business in Florida means you must prepare for the lean months by keeping operations efficient and wisely allocating your revenue from the busy season, typically regarded as the time between Thanksgiving and Easter.

"If you own a corner store or restaurant or daily staples business dependent on foot traffic, your small Florida business from Thanksgiving to Easter will be packed with snowbirds clamoring for everything [they] forgot back in Jersey or 'the City,'" said Baron Christopher Hanson, lead consultant and owner of [RedBaron Consulting](#). "If you are looking to open an aging healthcare or routine medical practice, be prepared to be busy from November to May, yet very slow in the summer and hurricane months."

Beyond the seasonal downturns, hurricane season also poses a threat to businesses. Not only do customers regularly evacuate to avoid hurricanes, but the storms also represent a disaster risk, which could result in significant damage to brick-and-mortar businesses. **[Seasonal businesses face specific challenges when it comes to [accepting credit card payments](#). Check out our guide on how to deal with that.]**

"Hurricane season brings a lot of uncertainty to the market," said Livingstone.

"When we need to reach current and prospective clients during this time, we aren't

always successful on our first and second attempt. South Florida has escaped mostly unscathed during the last few years, but often we see people prepare and evacuate due to past experience."

Competitive labor market

The low unemployment rate in Florida is an indicator of its strong economic performance but unfortunately comes with a drawback: Recruiting new employees is a competitive and costly process. Moreover, in an employee's labor market, it can be difficult to retain existing talent, as companies are prepared to offer lucrative compensation packages to lure in the best candidates.

While there are several top universities in Florida from which businesses can easily recruit, high salaries and wages, attractive benefits packages, and perks like work-from-home policies are becoming standard tools for attracting workers. Businesses should be prepared to compete to secure the most skilled or experienced employees in their industry.

Frequently asked questions about running a business in Florida

These questions are commonly raised when starting a business in Florida. The answers will help you to file the necessary documents, pay the appropriate fees and understand the basics of starting a business in Florida.

How many small businesses are there in Florida?

There are about 2.5 million small businesses in Florida. They make up 99.8% of all businesses in the state and employ 3.3 million workers, which is about 42.2% of the state's private sector workforce.

How do you start a small business in Florida?

To start a business in Florida, you should first check with your county's tax collector to determine whether your business requires a license. You also must register your business with the state Department of Revenue, along with the federal IRS. If you are operating a corporate entity or a business with a fictitious name, you must also register your company with the Department of State. For

more information on the process of starting a business in Florida, [visit the state Division of Library and Information Services website](#). **[For more information on how to start a business, check out our step-by-step guide.]**

How much does it cost to start a business in Florida?

The cost of starting a business can vary depending on the exact nature of your company. However, all businesses are subject to a \$100 fee to file articles of organization with the Florida Secretary of State's office, as well as a \$25 registered agent fee.

In addition to these costs, you might be required to secure a business license and business insurance. If you wish to obtain a copy of your articles of organization, the state charges an added fee of \$30, as well as a \$5 fee for a Certificate of Status.

- Stumped on what type of business you want to run? Check out our list of [smart business ideas for 2019](#).
- Need help writing a business plan? These [business plan templates](#) should help you get started.
- Not sure what the [best legal structure is for your business](#)? We've broken down the various types, including sole proprietorship, partnership, LLC and various types of corporations. *Note:* If you file articles of incorporation, you have 90 days to file an [SI-200 Statement of Information](#), which requires a \$20 filing fee and a \$5 disclosure fee, as a matter of compliance.
- Looking for funding for your startup? These [reviews and best picks of alternatives to small business loans](#) can help.
- Make sure you're managing your money properly with the [right accounting software](#) for your business.

What are the requirements for small business insurance in Florida?

Florida does not require businesses to carry commercial liability insurance, although it is wise to carry some insurance to protect your assets. Also, if your business operates cars or trucks, you must purchase a commercial vehicle policy. **[Interested in [business liability insurance for your small business](#)? Check out our reviews of the best providers.]**

Workers' compensation insurance is mandatory for any company with at least four employees in Florida, regardless of whether they are full-time or part-time. Also, employers are required to report claims within seven days after they are notified that an accident or injury occurred.

"If an employer's late reporting of a claim delays the payment of an injured worker's benefits, the state of Florida can penalize the business," explains Karen Phillips, the general counsel of the [Florida United Businesses Association's](#) workers' compensation insurance program.

Editor's note: Need a workers' comp insurance policy for your business? Fill out the below questionnaire to have our vendor partners contact you with free information.

Approximately how many total people will need to be covered?

- 1
- 2-4
- 5-10
- 11+

NEXT 

Do you need a business license in Florida?

Most businesses are required to obtain a business license to legally operate in Florida. A general business license is called a business tax receipt and can be obtained when registering your business with the county tax collector. Any additional licenses or permits, as well as their costs, will vary depending on the type of business you operate and its location. Failure to obtain the proper licenses and permits for your business could result in fines and, ultimately, the closure of your business.

What is the cost of a business license in Florida?

The minimum cost of obtaining a business license in Florida is \$125. However, it could be higher if your business requires additional licenses or permits. When launching your business, check with local, county and state officials to understand your specific obligations under Florida law.

What is the processing time to form your Florida LLC?

In Florida, the standard processing time to form your LLC is six to eight business days, which is relatively quick by national standards. An expedited filing in Florida could process as quickly as two to three business days. Processing times are never guaranteed and are subject to the speed with which government offices are able to review and approve all filings. **[Find out more about [forming an LLC](#) on this related article.]**

How do I file for a DBA in Florida?

Under Florida law, businesses are required to file for a DBA if they plan on using a name other than the one it was formed as. To file a DBA, you must first ensure your intended name is available by searching the state's [Fictitious Name database](#). If your desired DBA is available, you can file paperwork claiming the name in the Online Fictitious Name Registration service. Once approved, the DBA is registered for five years, at which point it would need to be renewed. **[Interested in [filing a DBA](#)? Follow this advice.]**

What are Florida's new hire reporting requirements?

Florida state law requires all employers to report any newly hired or rehired employees to the state directory within 20 days of their start date. This includes self-employed individuals who must report themselves as new hires to the state. Independent contractors, however, are exempt from the law.

Resources for small businesses in Florida

If you're a small business owner in Florida looking for resources to help you move forward, here are a few organizations you might want to learn more about.

Florida SCORE

SCORE's volunteer business professionals and expert mentors give counsel and guidance to entrepreneurs looking to start or expand their businesses. The services and workshops are entirely free and volunteer-driven.

"We are really able to help new businesses get a foothold," said Cliff Sullivan, the former chair of the Pinellas County chapter. "We have a lot of wonderful, wonderful resources."

Here are some of the SCORE chapters located in Florida:

- [Central Florida SCORE](#)
- [South Palm Beach SCORE](#)
- [North Central Florida SCORE](#)
- [Pinellas County SCORE](#)
- [Manasota SCORE](#)
- [Pasco-Hernando SCORE](#)
- [Palm Beach SCORE](#)
- [Naples SCORE](#)
- [Mid-Florida SCORE](#)
- [Treasure Coast SCORE](#)
- [Broward SCORE](#)

U.S. Small Business Administration (SBA) district offices

The U.S. SBA offers financing and grants, as well as consultations and counseling services. There are also opportunities to apply for federal government contracts through the SBA and avenues for obtaining assistance in the wake of natural disasters.

- [U.S. SBA District Offices for Florida](#)

Florida Small Business Development Centers

Florida hosts more than a dozen development centers for small business. Each is dedicated to supporting the development and retention of small business, helping entrepreneurs do everything from crafting business plans to navigating the state's tax code. You can find your region's small business development center at the link below.

- [Florida SBDC Network](#)



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