



LAW & ORDER

Big legal hacks for Florida small businesses

Florida is a great place to open or relocate a small business—if you’re smart about setting it up properly. Below, two Sunshine State experts share their tips on keeping the fruits of your labor safe from resource-draining litigious claims and lawyer bills.

The positives

“No state income tax is a benefit. We also have very low corporate income tax; we exempt the first \$50,000, which really benefits small businesses. We have a great trade infrastructure and the third largest cluster of logistics and distribution in the United State,” says Carolyn Johnson, director of business economic development at the Florida Chamber of Commerce. Other positives for Johnson come from the state’s education system, “which boasts the best fourth grade reading scores in the world. Think of the future interns you can hire.” To cap it off, she adds that approximately \$11,000 of wealth moves to

Florida every minute.

James Kaplan, a partner at the law firm Kaplan Zeena LLP, has been practicing business law in Florida for almost 25 years. He enjoys doing business in Florida for a variety of reasons. “Between 2010 and 2015, our population grew by six percent,” he says. “We have about 20 million people, which makes us the third largest state in population. The stereotype of Florida being full of old people is over. [We’re] a very young state that’s quickly growing. Our state needs everything in terms of teachers, infrastructure, restaurants, homebuilders and contractors. All of those people use services and they all need insurance, bankers, lawyers and so on.”

Another bonus is the amount of cultural diversity. “More than one in four homes speak a language other than English. This makes us a very vibrant state,” Kaplan notes.

The pitfalls

Small businesses are vulnera-

ble in Florida, says Johnson. “Small business owners are focused on raising capital and hiring employees and growing customer bases. They don’t have in-house counsel to navigate the complex legal system. If they get slapped with a lawsuit, that can cost millions and can easily put a small business under. In Florida, over a one year period, we lost over 300,000 businesses.”

The litigious nature of Florida is troubling. “According to the Institute of Legal Reform through the U.S. Chamber of Commerce, Florida ranks in the bottom ten states in terms of legal climate,” Johnson says. This study looked at the litigiousness of each state and other factors like jury fairness and timeliness of getting processed by the judicial system.

Florida consumers might not realize it, but they also suffer because of the litigious environment. “The amount of money

that Florida families pay per year because of lawsuit abuse is about \$3,400,” says Johnson. “Because Florida businesses settle legal issues and pay to keep lawsuits out of court, they increase their costs to Florida consumers to help pay their legal bills and rising insurance premiums.”

The prevention

Both Johnson and Kaplan urge small business owners to do their homework before hanging a shingle in Florida. For starters, Kaplan suggests finding a good business lawyer. “You need to find a solid lawyer with real-world business experience whom you can count on to get started.”

What can you expect to pay for your startup lawyer? Kaplan says an hourly rate will vary between \$250 and \$500. But original setup services and consultation could be done for about \$1,500 or \$2,000.

The second step is determining with your lawyer whether your company is an LLC, a corporation or another entity and ensuring startup forms and applications for licenses are filled out properly.

Next, begin a strong relationship with an experienced accountant, a banker and a financial advisor. “Look for someone with experience in businesses of your size and your type,” Kaplan suggests. “They can also help you with a line of credit and with opening the right kinds of accounts.”

Finally, work with a local insurance broker who comes highly recommended. Together, look into different kinds of insurance to protect your business such as: property insurance (which can cover your location and inventory from severe weather damage); employment practices coverage (to protect against discrimination, wrongful termination or harassment suits); and errors and omissions insurance (this protects companies against claims made by clients for inadequate work or negligent actions).

Depending on the nature of