

2027 | PREVIEW EDITION

# AMERICA'S MOST BUREAUCRATIC STATES

## THE BUSINESS PERMIT NIGHTMARE INDEX

The hidden fees, waiting periods and jurisdictional traps between opening a business and getting the right sales-tax registration.

45

states levy general  
sales tax

38

permit local sales  
taxes

2027

new re-registration  
watch

Commissioned and sponsored by EfilePermit.com

October 19, 2026 | Based on publicly available rules; not a completed 50-state ranking

# The first finding: friction is real

A 2027 research preview built on official 2026 registration guidance.

Americans can launch an online storefront in an afternoon. The paperwork required to collect sales tax is not nearly as standardized. States use different permit names, fee structures, approval timelines and local-registration arrangements. This report isolates those differences and proposes a defensible way to measure them.

## 45 of 50

<sup>[1]</sup>

states impose a statewide general sales tax

## 38 of 50

<sup>[1]</sup>

states authorize local sales taxes

## 20 days

<sup>[6]</sup>

New York registration lead time before taxable selling

## \$62

<sup>[8]</sup>

Colorado first-location upfront outlay in Oct. 2026\*

### FOUR TAKEAWAYS

- **The permit is not the tax rate.**

A state with a high tax rate can offer a free, accessible permit. A lower-rate state can still require deposits, renewals or local registrations.

- **Different clocks measure different things.**

Advance application deadlines, account-number issuance and government processing estimates cannot be treated as identical metrics.

- **Local rules create hidden branches.**

In some states, a state sales-tax license does not eliminate city or parish-level steps.

- **An AI guide can simplify preparation.**

Guidance and data validation can make filing more approachable, but only government agencies can approve and issue permits.

\* Colorado example: \$12 October 2026 retail license fee plus \$50 refundable sales-tax deposit; eligibility exceptions may apply. See source [8].

# The permit maze

The report focuses on the sales-tax registration journey, not every occupational or municipal business license.

## A SINGLE STORE. MULTIPLE DECISIONS.

01

### Do I need to register?

Location, products, channel and nexus

02

### Which system applies?

Seller permit, vendor license or tax account

03

### What must I provide?

Owner identity, business activities, addresses

04

### What happens next?

Fee, deposit, approval, ongoing filings

## A DELIBERATELY NARROW LENS

### Not every “business permit” is comparable

This Index examines seller's permits, sales/use tax licenses and closely related registration gateways. It excludes zoning, occupational licensing, food permits, LLC formation costs and sales tax rates from difficulty scores. They can matter to businesses, but measure different things.

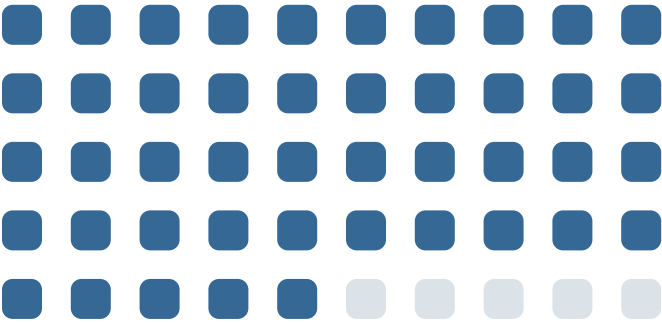
**Important:** The 2027 label is the planned reporting edition. All facts in this preview reflect information available as of **October 19, 2026**. A nationwide scored ranking requires additional standardized testing and is not represented as complete here.

# The 50-state split

A broad footprint creates a confusing entry point for first-time retailers.

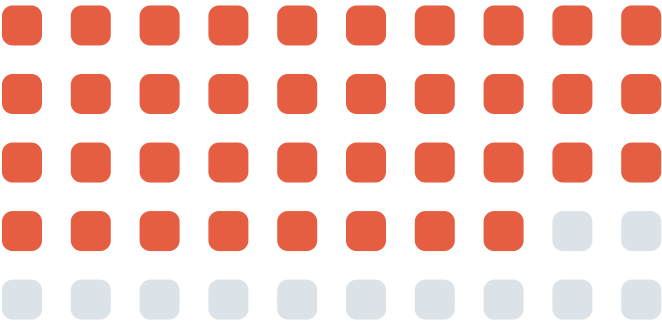
## States with a statewide general sales tax

45/50



## States permitting local sales taxes

38/50



### THE EXCEPTION WORTH KNOWING

## No statewide sales tax ≠ no local obligation

Alaska has no statewide general sales tax, but many localities levy sales taxes. Delaware, Montana, New Hampshire and Oregon also have no statewide general sales tax. These distinctions matter when a seller decides which registration workflow applies. [1]

Source: Tax Foundation, *State and Local Sales Tax Rates, Midyear 2026* [1]. Each square represents one state, not one taxpayer or one registration.

# Four ways a permit gets harder

Illustrative state cases selected to show distinct forms of documented friction, not an exhaustive ranking.



## COLORADO

### The deposit-and-jurisdiction problem

A standard retail sales tax license carries a prorated state fee plus a \$50 refundable deposit. Self-collecting home-rule cities may require additional licensing. [8, 9]

FEES / LOCAL COMPLEXITY



## NEW YORK

### The start-date problem

Businesses expecting taxable sales generally must apply for a Certificate of Authority at least 20 days before starting. A new COA re-registration program is scheduled for summer 2027. [6, 7]

ADVANCE NOTICE / 2027 CHANGE



## WASHINGTON

### The layered-licensing problem

The Business License Application takes about 10 business days to process; endorsements can add two to three weeks. New-business applications have a \$50 processing fee. [10, 11]

PROCESSING / ENDORSEMENTS



## ALABAMA

### The separate-local-administration problem

The state lists non-state-administered local sales tax jurisdictions. Its online state tax registration is free, with a posted three-to-five-day account-number expectation. [13, 14]

LOCAL ADMINISTRATION / 3-5 DAYS

# Not every state is a nightmare

A fair index must record what governments have already made easier, too.



## OHIO

### The paid-but-fast pathway

A fixed-location county vendor's license costs \$50. The state says an online license can be issued immediately; paper applications may take up to six weeks. [15, 16]

\$50 / DIGITAL ISSUANCE



## TEXAS

### The free-but-waiting pathway

The state charges no standard sales tax permit fee, yet tells applicants to allow two to three weeks to receive their permit. Zero-sales returns may still be required later. [4, 5]

\$0 FEE / 2-3 WEEK GUIDANCE



## CALIFORNIA

### The permit that can be printed

California charges no ordinary seller's permit application fee, though a deposit may be required. Some permits may be issued the same day, and completed online registrations can be printed. [2, 3]

\$0 FEE / POSSIBLE SAME DAY



## GEORGIA

### The fast account-number pathway

Georgia says online registrants should receive their sales-tax account number by email within approximately 15 minutes after submission. This is an account-number expectation, not a universal approval guarantee. [17]

15-MINUTE ACCOUNT NUMBER



## FLORIDA

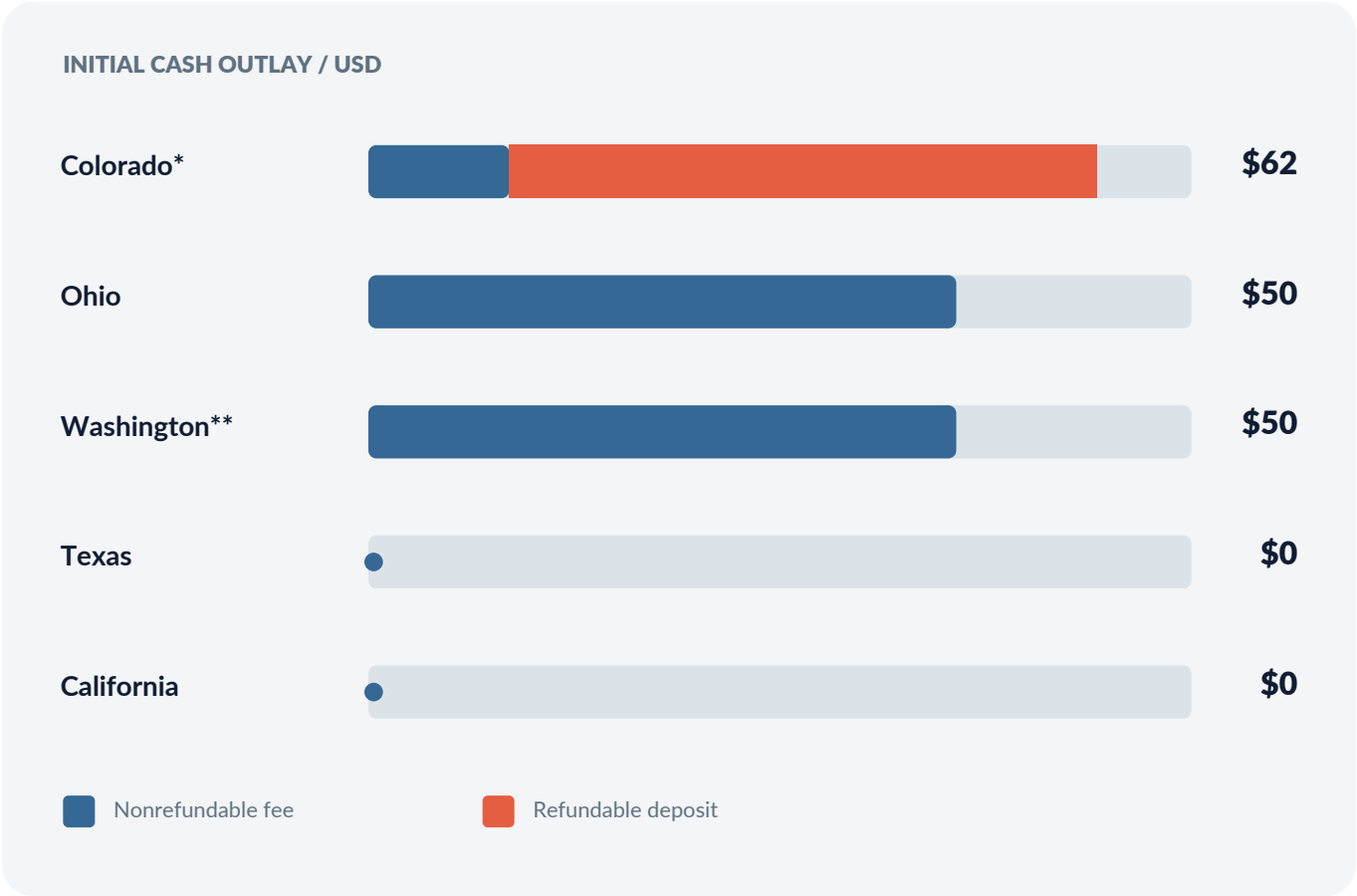
### The built-in digital guide

Florida's online Business Tax Application uses an interactive wizard to help determine which tax registrations apply and automatically fills some information. [18]

INTERACTIVE GOVERNMENT WIZARD

# What does the government charge?

Illustrative upfront cash outlay for specified new-retailer registration routes, as described by agencies in 2026.



**Why this chart is deliberately specific:** These amounts are not a national fee ranking. Colorado reflects a single new retail location applying July–December 2026: \$12 license plus a generally required \$50 refundable deposit [8]. Ohio shows the \$50 fixed-location vendor license [15]. Washington shows the \$50 *new-business licensing application* processing fee, not a stand-alone state sales-tax account charge [11]. Texas and California generally charge no seller's permit fee; deposits may apply in limited circumstances [2, 4].

## A MEMORABLE FINDING

### Free does not mean frictionless

California and Texas both have no standard seller's permit fee, yet publish very different issuance guidance. Fees capture only one portion of the applicant experience.

# Six different registration clocks

Government guidance reveals real timing differences — but the milestones are not interchangeable.

|                    |              |                                       |
|--------------------|--------------|---------------------------------------|
| New York<br>[6]    | ≥20 days     | Apply before business starts          |
| Texas<br>[5]       | 2–3 weeks    | Allow time to receive permit          |
| Washington<br>[10] | ~10 workdays | Application processing estimate       |
| Alabama<br>[13]    | 3–5 days     | Time to receive account number        |
| Georgia<br>[17]    | ~15 minutes  | Account number email after submission |
| Ohio<br>[15]       | Immediate    | Online vendor license availability    |

These figures are **not** a six-state speed ranking. One refers to an advance application rule, another to a receipt estimate, and others to a particular processing or account-issuance milestone. A future index will measure applicant labor, government review and final authorization separately.

DATA-INTEGRITY RULE

The fastest registration screen does not guarantee the fastest legal permission to begin taxable sales. Merging these distinct milestones into one “days to permit” figure would overstate comparability.

# The paperwork story is changing

Two confirmed developments could put renewed attention on seller-registration administration in 2027.

SUMMER 2027

## NEW YORK

### Re-registration begins

New York has announced a three-year program beginning in summer 2027 under which existing Certificate of Authority holders will be notified to re-register. Notices are to arrive at least 180 days before a holder's COA expires. Businesses cannot re-register before receiving their notice. No re-registration fee is planned. [7]

DECEMBER 31, 2027

## COLORADO

### Two-year licenses expire

Colorado says most state sales-tax licenses operate on a two-year period and expire at the end of odd-numbered years. That makes December 31, 2027 the next scheduled expiry for the 2026–2027 cycle. Retailers with multiple locations must pay attention to licensing by location. [9, 19]

#### THE PR ANGLE

**“The permit doesn’t end at approval.”** For entrepreneurs, business registration is often a continuing obligation: renewals, changed ownership details, tax returns and administrative account maintenance. The 2027 calendar offers a timely reason to discuss those ongoing tasks.

# Same marketplace. Different rule.

One of the easiest misconceptions to test: “The platform collects sales tax, so I never need a permit.”

## TEXAS

### A permit may still be required

Texas-based sellers generally need a sales tax permit even if their only sales are made through marketplace providers that collect the tax. The treatment of qualifying remote sellers differs. [20]

## CALIFORNIA

### Marketplace-only exception

A seller whose merchandise sales are exclusively through registered marketplace facilitators generally does not need a California seller's permit solely for those sales. Direct selling changes the analysis. [3]

## THE RESEARCH QUESTION

How many entrepreneurs can correctly identify whether they need a seller's permit, when tax collection is handled by a marketplace?

## WHY THIS BELONGS IN THE INDEX

A confusing or misinterpreted eligibility rule imposes friction **before** an application begins. The final scoring model therefore gives substantial weight to clarity of instructions and the quality of guided eligibility tools. It must also distinguish home-state and out-of-state sellers, physical presence and marketplace-only activity.

# How the Index will be scored

A proposed 100-point framework designed for testing, audit trails and reproducibility.

## PROPOSED WEIGHTS (TOTAL 100 POINTS)



## SCORING PRINCIPLE

Within each dimension, researchers will apply prepublished 0–4 coding rules and convert the result proportionally to the assigned weight. The result will range from **0 (less observed friction)** to **100 (more observed friction)**. Reviewers will record official URLs, access dates, screenshots and unresolved discrepancies.

## WHY THERE IS NO “WORST STATE” RANKING IN THIS PREVIEW

The nine illustrative cases were reviewed through published agency guidance, but not yet through uniform, blinded application testing in all 50 states. Publishing a numeric national ranking now would turn missing evidence into manufactured certainty.

# A smarter front door to filing

Regulations are state-controlled. The experience of understanding and preparing an application does not have to be.

1

## Understand the scenario

Business type, selling channels, location

2

## Find the correct pathway

Permit name and state-specific rules

3

## Gather the information

Guided questions and field explanations

4

## Check for missing details

Automated flags + review when needed

5

## Submit to the authority

Agency makes the final determination

### ONE PRIVATE-SECTOR APPROACH

## EfilePermit.com

EfilePermit offers a guided, AI-assisted seller's permit intake paired with application preparation, review and submission support. The aim is to turn fragmented state terminology and repetitive fields into a more understandable sequence for small-business owners. The appropriate agency, not EfilePermit, issues the permit. [21]

EfilePermit is a paid private filing assistance service, not a government agency. Its published price is \$99; government fees, if any, are separate. Owners can apply directly with state agencies instead. [21]

# How to turn this into a true ranking

The next phase should produce the measurements reporters can quote with confidence.

01

## Hold the business scenario constant

Use a standard first-time, single-location retail seller; separately test marketplace-only and out-of-state sellers.

02

## Capture actual applicant work

Recruit first-time users and measure attempts, elapsed applicant time, errors, unclear terms and completion rates.

03

## Separate official waiting periods

Track online account creation, application acceptance, government review and permit issuance as distinct milestones.

04

## Audit local overlays

Choose a consistent locality sampling rule, record independent city/parish registrations and avoid claiming every locality behaves identically.

05

## Publish scores with evidence

Use two reviewers, publish the rubric and source trail, give agencies a chance to correct documented factual errors.

### LIMITATION THAT MATTERS

This publication is a sponsored, sourced preview and methodology proposal, not an independently peer-reviewed 50-state empirical ranking. The headline is an editorial framing of registration friction — not a published list of the nation's objectively "worst" states.

# Five stories hiding in the data

A communications roadmap grounded in the documented findings, not unverified national totals.

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## THE \$0 PERMIT PARADOX

**“A free seller’s permit can still take weeks: how state filing systems differ.”**

Texas and California application guidance [2, 5].

## THE \$50 PAPERWORK QUESTION

**“Why identical entrepreneurs can pay very different upfront registration charges.”**

Colorado, Ohio and Washington fee schedules [8, 11, 15].

## THE 2027 CERTIFICATE RESET

**“New York is preparing a major sales-tax certificate re-registration program.”**

New York Tax Department announcement [7].

## THE LOCAL BORDER TRAP

**“One state license may not cover every local tax jurisdiction.”**

Colorado, Alabama and Louisiana sources [9, 14, 22].

## THE ETSY PERMIT MYTH

**“Marketplace collects the tax. Does the seller still need a permit?”**

Compare Texas and California official guidance [3, 20].

For publication: research sponsors should be disclosed in the article or accompanying methodology. Permit guidance is informational, not a legal opinion for a specific business or locality.

# Official sources & dataset

Primary agency guidance and a national tax-reference dataset. Accessed October 19, 2026.

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# References continued

Agency materials explain case-specific rules and distinguish state tax accounts from business licensing.

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**Sponsorship and accuracy disclosure.** Commissioned and sponsored by EfilePermit.com, which has a commercial interest in assisted seller-permit filing. All numerical comparisons in this report are attributed to stated official measures. Rules are subject to change; users should check current agency guidance.

THE INDEX IS ABOUT MORE THAN PAPERWORK.

# A BETTER WAY TO START SELLING.

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Registration rules will remain different across states. Understanding them should not be the hardest part of opening a business.

## ABOUT THE SPONSOR

EfilePermit.com provides private, AI-assisted intake and seller's permit application support. The issuing authority retains final approval.

**efilepermit.com**

Private filing service, not a government agency. Applicants may file directly with their state. This is a sponsored 2027 preview, not a full 50-state ranking.