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form for a wine exporting company that he hopes to start soon.

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The path to starting a business in California has a speed bump.

David Lerman knows all about it. Two weeks ago, he filled out a one-page registration form for a wine exporting company that he hopes to start soon.

But after dropping off the form and \$85 to cover fees, he found out the secretary of state's office has a six-week business-registration backlog.

It's the kind of story that out-of-state business poachers, including Texas Gov. Rick Perry, use to kick dirt on California's business climate. Similar business transactions in the Lone Star State take less than a week.

"This is a businessperson's introduction to doing business in this state," said Lerman, a Berkeley labor attorney. "'Welcome to California. Now get in line.'"

Secretary of State Debra Bowen is concerned about the backlog, said spokeswoman Shannan Velayas, and intends to replace the current paper filing system with an online process akin to that used by the California DMV for vehicle registrations and license renewals.

Five years of deep budget cuts have stacked up registration filings, Velayas said, and the agency has moved employees from other units to chip away at the paperwork mountain. End-of-year documents swell the number of filings in process by five or six times.

But John Kabateck, executive director of the California chapter of the National Federation of Independent Business, said the secretary of state's backlog exemplifies

a “wall of bureaucracy” that stifles entrepreneurs.

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The backup also slows money from applications, since most transactions include a state fee.

“It is never a good business strategy to have stacks of uncashed checks,” Lerman said. “If they need more revenue to process applications, then they should raise the fees to cover the costs of providing service in a timely manner.”

Other states turn around similar applications much more quickly.

New York takes seven business days to process registrations, according to its secretary of state's website. For an extra \$150, officials there can finish the filing within two hours.

California offers four-hour, same-day and 24-hour expedited filing services and charges between \$350 and \$1,000, but only for filers who bring their papers to the secretary of state's Sacramento headquarters.

Texas processes limited liability company registrations such as Lerman's in three to five business days. Online applications, which aren't yet an option in California, take less time.

A spokeswoman for Texas Secretary of State John Steen said the agency last year logged 1.5 million business transactions, from applications to form a corporation to tax forfeitures. The unit that processes those filings has 61 employees.

On Tuesday, Bowen's office was handling mailed-in LLC registration forms received on Christmas Eve and personally-delivered applications that arrived Jan. 22.

Each form must be keyed into a tracking system, legally reviewed and assigned an identification number. Staff then mail out finalized documents or rejection notices for filings that don't pass muster.

The average wait time for all business filings is about 43 days, the agency estimates,

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processed 1.5 million documents.

About 95 employees review and process various business filings and applications. Bowen also hired about 40 temporary staff and pulled in 25 employees from other units to work through the backlog. Many pull weekend shifts, Velayas said.

Bowen wants to boost her agency's efficiency by taking it paperless with the \$23.7 million California Business Connect project.

The system would automate online payments, business filings and other services.

Given the recent high-profile failure of multimillion technology projects dumped by the state controller and California's court system, Lerman has little faith that a new one to speed up business filings will succeed.

"They should just hire more clerks with that money," Lerman said. "This stuff is purely mechanical grunt work."

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