

CHECKLIST FOR STARTING A BUSINESS IN SANTA CRUZ COUNTY



**SMALL
BUSINESS
DEVELOPMENT
CENTER**

SANTA CRUZ

WRITING A BUSINESS PLAN

A Business Plan is the foundation for a successful launch! A great resource is the SBA Write Your Business Plan, <https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>. A popular alternative is an Executive Summary, examples of which can be found at www.thebalance.com/business-plan-executive-summary-example-2948007.

To increase your chance of success, explore and evaluate your business and personal goals. Use this analysis to build a comprehensive and well-thought-out business plan.

Your business plan has a number of uses. Committing yourself to writing a business plan is a methodical way to mentally construct your business and serves as a valuable tool in loan applications.

BUSINESS STRUCTURE

There are several forms of legal entities of businesses, each with their own advantages and disadvantages. It is best to thoroughly research the structures and settle on the one that best fits your needs and goals. No classification is any better than another, they are only different. You can learn more about the various business structures at www.irs.gov/businesses/small-businesses-self-employed/business-structures.

All new businesses that are not a sole proprietorship must file formation documents with the Secretary of State. The required forms can be found at www.sos.ca.gov/business-programs/business-entities/forms.

Any contracts between owners of a partnership should be drawn up before beginning business.

Information about the tax implications of each business structure can be found at www.sba.gov/business-guide/manage/pay-taxes-business-state-federal.

FICTITIOUS BUSINESS NAME STATEMENT

A licensed business name is necessary if the company name differs from the owner's name. A filing of a fictitious business name statement is required before opening a business checking account in the title of the business. The Fictitious Business Name Statement is filed with the county government. For a small fee, a notice will run in the local newspaper announcing the creation of your fictitious business name.

Be sure to check the availability of your desired business name. California Business Name Availability, www.sos.ca.gov/business-programs/business-entities, provides information on how to check to make sure a business name does not already exist and may be used.

For information on filing a fictitious business name in Santa Cruz County, go to sccoclerk.com/CountyClerkHome/FictitiousBusinessNames.aspx. Your fictitious name must be published in local print media. Local publications you may consider:

Santa Cruz Record (831) 454-9820 www.santacruzrecord.com

Santa Cruz Sentinel (831) 423-4242 legal ext. www.santacruzsentinel.com

Good Times (831) 458-1100 www.goodtimes.sc

Registered Pajaronian (831) 761-7300 www.register-pajaronian.com

ZONING

It is imperative to determine zoning regulations and requirements prior to signing any lease or contract. The intended location of your business must have the proper zoning for your planned use of the site.

If you will be operating the business out of your home you must follow the requirements for home occupants, if any, in your municipality.

The Santa Cruz Planning Department website, www.sccoplanning.com, has a plethora of information concerning permits and zoning in Santa Cruz County. Visit the site to find zoning maps, permit forms, and information about the various planning commissions and programs shaping Santa Cruz.

BUSINESS LICENSE

Business licenses are required before your business can begin. In order to operate your business, you must comply city, state, and federal rules and regulations. www.calgold.ca.gov offers a search tool for discovering which licenses are necessary for your business based on your industry and location.

Business licenses can typically be purchased at City Hall and the price ranges from \$40 and up, depending on the number of persons you intend to employ.

Businesses located in, or conducting a portion of their business within any of the four (4) cities in Santa Cruz County should contact that city regarding the requirements for a business license.

City of Capitola

420 Capitola Avenue, Capitola
(831) 475-7300 www.cityofcapitola.org

City of Santa Cruz

809 Center Street, Room 201, Santa Cruz
(831) 420-5110 www.cityofsantacruz.com

City of Scotts Valley

1 Civic Center Drive, Scotts Valley
(831) 440-5678 www.scottsvalley.org

City of Watsonville

250 Main Street, Watsonville
(831) 768-3450 www.cityofwatsonville.org

Businesses operating in the unincorporated areas of Santa Cruz County should contact the County Planning Department, www.sccoplanning.com or call (831) 454-2580, regarding requirements for operating a business in those areas of the county. It is recommended that you contact the County Planning Department before the operation of your business to determine if a permit is required. Home-based businesses may require a Home-Occupation permit. Additionally, you should check with your homeowner's association as some neighborhoods prohibit the running of businesses out of the domicile.

The California Business Portal, www.businessportal.ca.gov, provides information on how to obtain Business Permits, Licenses, and Registration in California.

SELLER'S PERMITS AND RESALE NUMBERS

California Seller's Permit application, <https://www.cdtfa.ca.gov/taxes-and-fees/faqseller.htm>, is required for all business selling or leasing tangible property (including anything you did not prepare such as sodas, etc.).

Retailers, wholesalers, and manufacturers must obtain seller's permits from the California State Board of Equalization online or in person, 111 E. Navajo Drive, Suite 100, Salinas 93906 www.boe.ca.gov/sutax/faqseller.htm

Contact by phone at (831) 443-3003 or (800) 400-7115. The BOE Sales Tax Field Office is located at 250 S. Second Street, San Jose, 95113-2706 and they now accept office appointments (call 408-277-1231 to schedule). Forms and other resources for this office can be found at www.boe.ca.gov.

SPECIAL LICENSES AND PERMITS

The licenses and permits necessary to run your business legally are determined by the type of business you wish to establish.

The CalGOLD database, www.calgold.ca.gov, provides detailed information on business permits, licenses, and registration requirements from all levels of government. Here you can also find a description of the requirements, contact information for the supervising agency, and a direct link to the agencies'

website. Their catalog of information will assist you in finding the appropriate permitting information for your business, as well as direct you to links and contact information for the agencies that administer and issue business permits, licenses, and registration requirements from all levels of government.

The California Department of Consumer Affairs lists more than 200 regulated occupations and professional services. Their website, <https://www.dca.ca.gov/licensees/index.shtml>, also offers valuable licensing information.

STATE BUSINESS TAX & EMPLOYEE PAYROLL TAXES

California State Tax information can be found at www.taxes.ca.gov.

Your Federal Tax ID number, otherwise known as the Employer Identification Number (EIN), is comparable to a Social Security number for your business. One can be obtained by filling out Form SS-4 which is available online at www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online.

The Employment Development Department (EDD) is a department within the California State Government that promotes California businesses as well as aids employees and employers. They release yearly editions of their handbook, "California Employer's Guide," which covers broad topics concerning how to succeed in business. The most recent edition can be found at www.edd.ca.gov/pdf_pub_ctr/de44.pdf.

All employers in California are now required to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department.

FEDERAL EMPLOYEE IDENTIFICATION NUMBER (EIN)

For federal tax information and a copy of the "Tax Guide for Small Businesses," an invaluable resource to help understand how to properly file federal taxes, go to www.irs.gov/pub/irs-pdf/p334.pdf.

Everything you need to know about Employer ID Numbers (EIN) can be found

at www.irs.gov/businesses/small-businesses-self-employed/do-you-need-an-ein.

IRS Small Business and Self-Employed Tax Center, www.irs.gov/businesses/small-businesses-self-employed, offers resources and general information for small business owners and self-employed individuals, around business taxes, employee guidelines and tax workshops available in your area.

HIRING EMPLOYEES IN CALIFORNIA

It is a legal obligation to invest in Workers Comp Insurance prior to the hiring of any employees. This can be done with your insurance agent or broker, but CA State also has established a State Fund. This fund is the largest supplier of Workers Comp Insurance in the state and grants many opportunities to low-income startups.

An important distinction when hiring employees, especially for tax purposes, is classifying their employment status appropriately. The IRS has a helpful publication for understanding the different classifications and rights of certain employees, this can be found at <https://www.irs.gov/publications/p15a>.

Along with many other resources, the SBDC offers this simple, easy to use step-by-step guide to hiring and maintaining

employees, www.norcalsbdc.org/sites/default/files/Checklist%20for%20Hiring%20Employees.pdf.

BUSINESS INSURANCE

Businesses are major investments; sometimes a life's work can go into opening a business. Unfortunately, the truth is that it's not uncommon for businesses to be robbed, vandalized, or otherwise destroyed. It's incredibly important for all business owners to invest in Liability and Property Insurance, to protect your building, inventory, and equipment. Many insurance companies offer Business Insurance and most will work with you to create a policy that best fits your needs. Contact your insurance agent and shop around before settling on a policy.

ACCOUNTING TIPS

One of the most common factors in the failure of new businesses is the mismanagement of funds. After you have set up a separate bank account for your business, all expenses and income need to be

well-tracked. It's important to establish bookkeeping procedures and deal with all expenditures and revenues similarly, this will make income reporting and cash management easier and more realistic.

There are a number of easy-to-use accounting programs. The most popular is QuickBooks, which is utilized by nearly 85% of all small business owners. Since there are advantages and disadvantages to all accounting software, it's important to compare/contrast various programs before settling on a program.

For most small businesses, a simple, inexpensive program will suffice. While there are many extremely expensive and complicated programs, there are a number of free and open-source accounting software programs with growing communities. A list of these free small business accounting programs can be found at en.wikipedia.org/wiki/Comparison_of_accounting_software.

□ FINANCING TIPS

It takes money to make money and all businesses need capital to start and grow. Typically this capital will come from savings, home equity, or friends and family. Also check out Norcal SBDC's guide to financing your small business, www.norcal sbdc.org/resources/financing-your-business-7.

The next most frequent source of funding is a business loan. If you are considering a business loan, we recommend contacting the SBDC to help you prepare projections, a business plan, and help you understand how to qualify for a business loan.

The U.S. Small Business Administration (SBA) guarantees small business loans through local lenders. These loans are particularly helpful for minorities, persons with low-income, and persons with questionable credit. You can learn more about California's guaranteed loan fund at www.safe-bidco.com/loan-programs/california-loan-guarantee-program.

Lenders will want you to be successful, as a loan is, in many senses, an investment in you and your business. Lenders will be very clear about their requirements and timelines.

When applying for a business loan, lenders will want to see a copy of your business plan. Generally, lenders will be very clear and upfront about the information they require, and your application won't be affected by a frank discussion about the presentation of your business plan. The SBDC website, www.santacruzsbdc.org, offers tools and tips on how to write a concise business plan.

Crowd-funding has become a popular method for small companies to get off the ground while gaining exposure. Sites like [Kickstarter](https://www.kickstarter.com), [IndieGoGo](https://www.indiegogo.com), [GoFundMe](https://www.gofundme.com), and [Kiva](https://www.kiva.org) offer entrepreneurs, inventors, and artists a platform for raising capital to fund their projects. Usually, a service or product will be offered in exchange for donations.

□ FUNDING RESOURCES

Small Business Administration (SBA) provides approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. 504 loans are made available through Certified Development Companies (CDCs), SBA's community-based partners for providing 504 Loans.

□ RESOURCES FOR VETERANS

There are many state programs and incentives available to veterans, including priority counseling, more access to funding, and priority in procuring government contracts.

The SBA gives special privilege to veterans, more information about how the SBA can help veterans can be found at www.sba.gov/business-guide/grow/veteran-owned-businesses-programs.

California's main designated program for connecting veteran business owners with government contracts is CalVet, www.calvet.ca.gov.

The Veterans Business Outreach Center has support and information for veterans starting businesses in California. More information can be found at www.vbocix.org.

□ RESOURCES FOR FOOD SERVICE BUSINESSES

A Health Permit in Santa Cruz County is required for food preparation, service, food products, marketing,

laundries, etc. and is issued by the Santa Cruz County Department of Environmental Health, sccch.com/Home/Programs/ConsumerProtectionPrograms/FoodFacilityInformation.aspx 701 Ocean St., Room 312, Santa Cruz 95060, (831)454-2022 to speak with an Inspector, call between 8-9am.

Incubator programs cut the start-up costs that often prevent new businesses from succeeding. The startup costs can be especially staggering in restaurant and other food-based businesses. Additionally, FDA regulations concerning food sales often mean razor-sharp margins for profit. Kitchen Incubators, sometimes called “Shared Kitchens” allow for food service entrepreneurs to gain valuable experience before investing heavily in their own equipment. El Pájaro Community Development Corporation in Watsonville operates a commercial kitchen incubator for artisan food producers, providing a fully-equipped shared kitchen space, packing facilities, and technical assistance to food-related ventures. Business and safety training programs and access to microloan programs are offered. www.elpajarocdc.org (831)722-1224

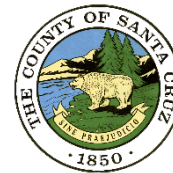
The International Business Innovation Association, inbia.org, is a global non-profit committed to advancing business incubation and entrepreneurship. Each year, it provides thousands of professionals with information, education, advocacy, and networking resources to bring excellence to the process of assisting early-stage companies.

Getting Started in the Specialty Food Business, nchfp.uga.edu/business/food_business.pdf, is a guide written by Extension Food Scientists, covering everything from food product development to pricing.

FDA Food Guidance & Regulation Information, www.fda.gov/Food/GuidanceRegulation/default.htm provide information on how to follow federal regulations for the food industry, including food labeling and food ingredients and packaging.

California Department of Alcoholic Beverage Control, www.abc.ca.gov, administers the provisions of the Alcoholic Beverage Control Act, including licensing, enforcement and regulatory mandates. Their website provides links to license and industry information for businesses selling alcoholic beverages.

For no-cost advising for new and existing businesses call
The Santa Cruz Small Business
Development Center •
831.479.6136 • santacruzsbdc.org



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