Starting a New Business in Oklahoma

By Suzette Barta
Extension Educator
Community and Economic Development
Payne County – OSU Extension
405-747-8320
Are You Ready to Start a Business?

Go to SBA.gov and take their readiness quiz

http://www.sba.gov/content/use-our-starting-assessment-tool
Step for Starting a New Business:

1. Develop a business plan
2. Get a federal EIN number
3. Register your business with the state
4. Finance your business
5. Apply for other useful certifications
1. Develop your business plan

- Ultimately the business plan is meant for YOU.
  - What are my goals and how will I meet them?
  - What are my start-up costs?
  - How will I market my business?
  - How will I operate my business?
- Other will need to see it:
  - Potential Investors
  - Financial Institutions
1. Develop your business plan

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Who Can Help Me with a Business Plan?

1. Food and Agricultural Products Center (FAPC) for Restaurants and Food and Ag products manufacturing. ([www.fapc.okstate.edu](http://www.fapc.okstate.edu))

2. [www.SBA.gov](http://www.SBA.gov) has some online resources, including an online business plan workshop.

3. Oklahoma Small Business Development Center ([www.osbdc.org](http://www.osbdc.org))
   - Download their Business Plan guide
   - Visit their counselors with your best effort draft
   - Locations at UCO (serves OKC Metro), Langston OKC (serves Payne County)
Who Can Help Me?

4. Inventor’s Assistance Service OSU
5. SCORE: (Tulsa, OKC, Enid) – Online workshop and template available. Free online or face-to-face counseling. www.score.org
6. OSU Extension – online BP builder https://www.agecon.purdue.edu/planner
7. Rural Enterprises, Inc: Sample BP online www.ruralenterprises.com
2. Apply for a Federal Employer Identification Number (EIN)

- Who needs one?
  - Any new business
  - A new corporation, even a non-profit one
  - Anyone who opens a bank account that requires one
- How long does it take?
  - You receive your # immediately and use it…
    - To open a bank account
    - To apply for business licenses
  - It will take 2 weeks for it to become recognized by the IRS, so you’ll have to wait to…
    - File an electronic return
    - Make electronic payments
What Kind of Business?

Sole Proprietor:

- a company that is not incorporated or registered with the state as a limited liability company (LLC).
- Sole proprietors may or may not have employees. The business does not exist separately from the owner.
- The risks of business apply to the individual's personal assets, including those not used for the business.
- The sole proprietor reports business income on his or her individual tax return.

It is recommended that you seek the advice of an attorney when making the decision regarding your business structure.
What Kind of Business?

Partnership

- An unincorporated organization
- Two or more members
- A partnership does not pay tax on its income, but "passes through" any profits or losses to its partners.
- Partners must include partnership items on their tax returns.

It is recommended that you seek the advice of an attorney when making the decision regarding your business structure.
What Kind of Business?

Limited liability company (LLC)

- File articles of organization with the state's secretary of state.
- Owners (or members) may include individuals, corporations, other LLCs, and foreign entities.
- For federal tax purposes, an LLC may be treated as a partnership or a corporation, or be disregarded as an entity separate from its owner.

A corporation

- File articles of incorporation with the state's secretary of state.
- The corporation is its own entity and generally has an indefinite lifespan.

It is recommended that you seek the advice of an attorney when making the decision regarding your business structure.
3. Register Your Business

A. Secretary of State
B. Oklahoma Tax Commission
C. Oklahoma Employment Security Commission
D. Oklahoma Department of Commerce will check to see if you must register anywhere else.
A. Secretary of State

- Web address: [www.sos.state.ok.us/](http://www.sos.state.ok.us/)
- Check for name availability (Free) [https://www.sos.ok.gov/corp/corpInquiryFind.aspx](https://www.sos.ok.gov/corp/corpInquiryFind.aspx)
- Register your Trade Name Fee=$25. Sole proprietors do not have to, but…
- Sole proprietors do not have to file articles of incorporation.
B. Oklahoma Tax Commission

- Download the Business Registration Booklet at: www.tax.ok.gov
- Or register online at: http://www.tax.ok.gov/busregonline.html
- Voluntary—sign up for New Business Registration Workshop. It’s FREE.
- You will have to pay fees for various:
  - Sales Tax Permit = $20
  - STP for additional location = $10
C. Oklahoma Employment Security Commission

- Only applies if you will have employees
- Submit Employer Status Report Form
- Report information on newly-hired employees (New Hire Reporting Form) to the OESC shortly after the date of hire
- Call them to be sure of your specific requirements. [http://www.oesc.ok.gov](http://www.oesc.ok.gov) or 1-888-980-WORK (9675)
Go to [www.okcommerce.gov/licensing](http://www.okcommerce.gov/licensing) to find out what other licenses might be required for your specific kind of business.

Also remember to check with your city/municipality for local requirements. Particularly industries of construction, food vending, and street vending.

- The City of Cushing requires a general permit that costs $5.
4. Finance Your Business

- What about all those grants and FREE MONEY? They are a myth.
- There are some LOAN programs available
  
  A. SBA
  B. REI

An exception: Small Business Innovative Research (SBIR) grant is highly competitive and highly restrictive. Your business must be extremely high-tech. www.sbir.gov
A. SBA Loan Programs

SBA does not make the loans to the new business, but guarantees the loans with participating lenders.

1. **Basic 7(a) Loan Guaranty** – most flexible, can be used for a variety of business purposes – made through commercial lending institutions

2. **CDC 504 Loan Program** – for fixed assets (real estate, machinery) - made through a certified development company (CDC)

3. **Microloan 7(m) Loan Program**
   - short term loans up to $35,000 – can be used to purchase inventory, supplies, fixtures, etc.
   - not used to pay off debt or purchase real estate
   - The SBA makes or guarantees a loan to an intermediary, who in turn, makes the microloan to the applicant
   - Intermediary must provide management and technical assistance
B. Rural Enterprises, Inc. (REI)

- REI is a CDC (Certified Development Company)
- Locations in Durant, OKC, Tulsa, Alva, and Lawton

Programs

1. **SBA Programs**: SBA 504, SBA Microloan, SBA 7a
2. **IRP (Intermediary Relending Program)**
   - Loan amounts range from $20,000 to $150,000
   - Used for real estate, machinery, inventory, fixtures, refinance, acquisition
3. **B & I (Business and Industry Program)**
   - Loans up to $10 million
   - Available in areas with population less than 50,000
   - Used for real estate, machinery, inventory, fixtures, refinance
5. Apply for Other Certifications?

A. Minority Owned Business
   i. OMSDC
   ii. US Small Business Administration
   iii. ODOT

B. Women Owned Business

C. Native American Owned Business
A. Minority-Owned Business

1. Oklahoma Minority Supplier Development Council

- To be certified, a business-owner must:
  - Be from a racial minority group:
    - African American
    - Native American
    - Hispanic American
    - Pacific-Asian American
  - Have full control of the business
  - Hold at least 51% of the ownership

- Cost is $150

- OMSDC encourages companies to purchase more from the MBE (minority business enterprise)

- Visit [www.OMSDC.org](http://www.OMSDC.org) for more information.
A. Minority-Owned Business

ii. US Small Business Administration (SBA)

- Certifications are:
  - Section 8A Business
  - Small Disadvantaged Business (SDB)
  - Historically Underutilized Business Zones (HUBZone)
- Must be socially AND economically disadvantaged for qualify for 8A or SDB
  - Minority status automatically qualifies for social disadvantage
  - Net worth cannot exceed $250,000 (8A) or $750,000 (SDB) to be economically disadvantaged
- HUBZones must be located in a special geographical area. (low income, high poverty)
- Certified businesses will receive more favorable consideration for government contracts
A. Minority-Owned Business

ii. US Small Business Administration (SBA)

- SBA Application Seminars:
  - Langston OKC - 2nd Tuesday of each month
    - 405-962-1628
  - Rose State College - 3rd Tuesday of each month
    - 405-733-7348
A. Minority-Owned Business

iii. Oklahoma Dept of Transportation

- Provides Disadvantaged Business Enterprise (DBE) certification

- To qualify:
  - Must be minority or female
  - Must have full operational control and at least 51% of ownership
  - Must provide a service, product, or needed item that is involved with transportation projects

- www.okladot.state.ok.us
B. Woman-Owned Business

- Certified by Ok Dept of Commerce
- To qualify business must be:
  - Woman-owned
  - At least 51% owned and controlled on a day-to-day basis by one or more women.
- Download application from [www.okcommerce.gov](http://www.okcommerce.gov)
- Women’s Business Center at REI offers training, workshops, & networking oppor.
C. Native American Owned Business

- Qualifies for all Minority-owned business programs
- Oklahoma Native American Business Enterprise Center (OKNABEC) at REI offers resources, training, workshops, etc for Native American business owners.
  - www.oknabec.com
Along the way…

- Pricing strategies
- Web design
- Marketing strategies
- Employee management
- Customer service
- Visual design
- Financial management
- Record-keeping
- Technology
- Government contracts
- Exporting