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## HOW TO START YOUR OWN BUSINESS IN LUBBOCK

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### Prepare

When considering starting a business, your first step is preparation. You must clearly define your product or service, study the market, write out a plan, and decide how you will finance your business.

### Write a Business Plan

A plan will tell not just what you want to do, but it will also keep you on schedule with your goals. The allotted time span to complete goals should be realistic and carefully followed. Discipline and organization is crucial to convince clientele, suppliers, investors, and creditors that your business is worthwhile.

The following link lists instructions on how to write out a business plan: <http://window.state.tx.us/tba/plan.html>

The Office of the Governor's Economic Development and Tourism also offers its own guide for basic considerations when starting a business.

<http://governor.state.tx.us/>

### Financing

#### • THERE ARE MANY WAYS TO FINANCE YOUR NEW BUSINESS •

**Debt**-If you do not yet generate a stable source of revenue to service conventional debt, the Small Business Administration provides help to developing companies. An already going concern can gain approval for a loan against receivables. See <http://www.sba.gov/> for more information on the Small Business Administration.

**Equity**-You may decide to avoid debt by sharing ownership- giving some portion of your business to someone else in exchange for money invested in the enterprise. The National Association of Venture Capitalists promotes an industry with many members. Visit [www.nvca.org](http://www.nvca.org) for more information.

**Grants**-The Governor's Office lists state grants in Texas, and the Foundation Center provides information on grants to certain types of businesses which meet the purpose of charities promoting social goals. The Small Business Administration maintains a database of federal grants at <http://www.sba.gov/category/navigation-structure/loans-grants>.

### Registration

You must choose a name for the business and obtain an identification number. Decide on the legal form, discover which licenses or permits you may need, and what kinds of taxes you might owe. Texas Online has a list of licenses and permits needed for business activity at [www.texas.gov/en/discover/Pages/topic.aspx?topicid=%2Fbusiness%2Fstart](http://www.texas.gov/en/discover/Pages/topic.aspx?topicid=%2Fbusiness%2Fstart) .

The state also requires some public displays; the Texas Workforce Commission website [www.twc.state.tx.us](http://www.twc.state.tx.us) tells which posters -like frequency of payment and unemployment insurance- should be visible.

• **GET AN EMPLOYER IDENTIFICATION NUMBER** •

The Internal Revenue Service assigns the Employer Identification number. You can apply for the number at the IRS using Form SS4. You may need Adobe Acrobat to read the available forms online. Go to [www.irs.ustreas.gov/](http://www.irs.ustreas.gov/) for more information.

• **CHOOSE THE LEGAL ENTITY** •

You may wish to operate as a sole proprietor, partnership, or corporation. Consider your decision carefully.

• **CHECK NATIONAL AND INDUSTRY SPECIFIC REGULATIONS** •

National government standards of health and safe practices apply to some industries, and private or professional associations' guidelines extend to others. Your company must publicly display the basic business laws setting relationships between employer and employee. Public displays should include: provisions relating to minimum wage, family leave, equal opportunity, polygraph, and migrant workers. Federal Contractors should, in addition, display rules about construction work (the Davis Bacon Act) and service contracts (the Walsh Healey Act). You may read a complete list of rules beyond the displayed fundamental rights at <http://www.dol.gov/oasam/programs/osdbu/sbrefa/poster/matrix.htm> .

The Occupational Safety and Health Administration sets standards for different industries and firms of a certain size. Find more information on their website [http://www.osha.gov/pls/oshaweb/owasrch.search\\_form?p\\_doc\\_type=STANDARDS&p\\_toc\\_level=1&p\\_keyvalue=1910](http://www.osha.gov/pls/oshaweb/owasrch.search_form?p_doc_type=STANDARDS&p_toc_level=1&p_keyvalue=1910) .



## Pay Taxes

• **STATE EMPLOYMENT TAX** •

Some employers must contribute to the state unemployment insurance fund. <http://www.twc.state.tx.us/customers/bemp/bempsub3.html>

• **STATE SALES TAX INFORMATION FOR NEW BUSINESSES** •

Sales Taxes can reach a maximum of 8.25%. The state levies an amount of 6.25% of the sale's price on qualifying items. The State also collects sales taxes for the cities and other municipal taxing authorities, which can reach an additional 2.0% combined.

• **STATE FRANCHISE TAX** •

Corporations above a certain size in assets or level of income may owe franchise tax, a general business levy. View recent updates on this tax at <http://window.state.tx.us/taxinfo/franchise/> .

• **OTHER STATE TAXES** •

The State Comptroller provides extensive information on Texas' taxes at <http://window.state.tx.us/taxes/> .

• **RECENT CHANGES TO THE STATE TAX CODE** •

You can read about changes to the laws in the Tax Policy News E-Newsletter. <http://window.state.tx.us/taxinfo/taxpnw/>

• **ASK QUESTIONS ABOUT STATE TAXES** •

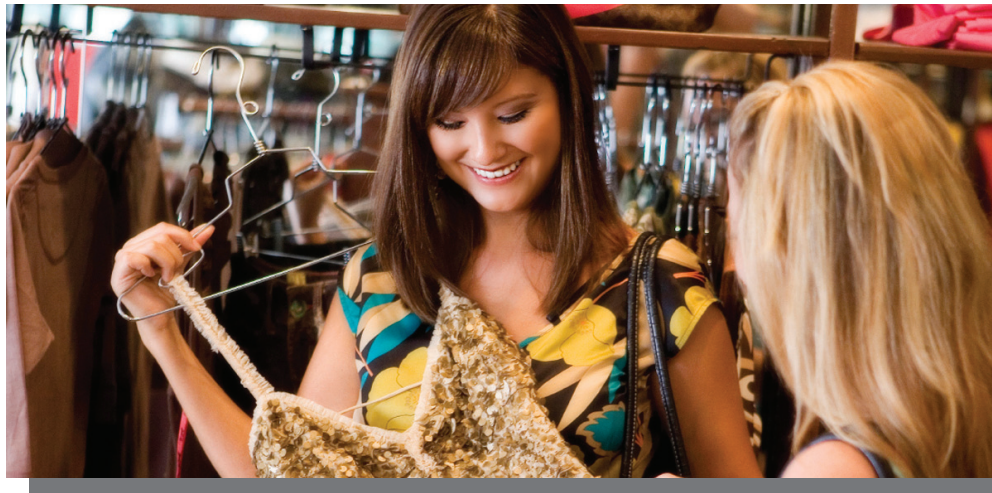
You may speak to a representative or send an email to ask any questions. You can also visit any of the Comptroller field offices for help. The following link lists many helpful phone numbers to call if you have a specific question: <http://window.state.tx.us/taxinfo/fieldtoll.html> .

• **FEDERAL INCOME TAX** •

For special advice to small businesses about taxes visit [www.irs.gov](http://www.irs.gov)

• **FEDERAL EMPLOYMENT TAX** •

The Social Security Administration describes the obligation of employers and benefits to employees.



## Growing Your Business

• **ECONOMIC DEVELOPMENT CORPORATIONS (LEDA)** •

Funded by a sales tax, we are a government organization which promotes business in and around Lubbock.

• **CHAMBERS OF COMMERCE** •

These are private, non profit corporations which also promote area businesses.

• **BUSINESS INCUBATORS** •

These may be publicly or privately owned organizations which help new businesses share costs-like rent- under one roof. The National Business Incubation Association and the Texas Business Incubator Association nurture new companies.

• **SMALL BUSINESS ADMINISTRATION OFFICES** •

These are U.S. government entities. The agency has many programs designed to help, including the SCORE or Service Corps of Retired Executives who donate their time advising new managers.

You can expand your clientele by selling your product on the local, state and federal levels.

• **SELL TO THE GOVERNMENT** •

The biggest customer of all needs a variety of goods and services.

• **FEDERAL** •

The United States is a huge buyer of all sorts of things, but the special ways in which the government purchases goods and services can confuse the seller. Different agencies may have their own rules, and all of them adhere to a formal process of bidding; however, because of their large size, the entrepreneur could profit by learning more and winning a bid. The Small Business Administration has created a library (<http://www.sba.gov/category/navigation-structure/contracting/contracting-opportunities>) whose short subject pamphlets provide a good introduction. The national General Services Administration gives additional help to small businesses or those owned by women and/or minorities.

• **FEDERAL HELP** •

The national government encourages American companies to seek foreign markets. The Department of Commerce provides a Trade Information Guide containing a list of trade offices around the country at which people can get help as well as information about particular countries.

• **STATE AID** •

[Export.gov](http://www.export.gov) contains data both for aggregate amounts and types of goods to different countries.

The Bureau of Economic Analysis provides accounts of international trade in services. The Department of Commerce also grants local authorities the permission to establish Foreign Trade Zones, in which customs clearance and other regulatory steps are greatly simplified and speeded. Texas has several such zones.

• **INTERNATIONAL AGENCIES** •

Trade associations for different groupings of countries exist. The North American Free Trade Association includes the USA, Canada and Mexico. Mercosur comprises Argentina, Brazil, Chile, Bolivia, Paraguay, and Uruguay. Asean encompasses many nations in Southeast Asia. And, of course, Mexico has many links to the USA.

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## REFERENCE MATERIALS

The Texas Comptroller's Office posts many economic statistics on its Web site, and also provides extensive information about Texas' taxes.

The Texas State Data Center also keeps extensive records. <http://window.state.tx.us/procurement/>

The Texas Workforce Commission keeps statistics on employment.

Finally, the Texas Legislature posts the Business & Commerce Code online.

<http://window.state.tx.us/tba/index.html>

