

A Guide to Starting a Business in Somersworth

Depending on your starting point, setting up a business can be as simple as filling out a few forms to engaging in a more involved process. If you are an experienced business owner and simply looking to relocate or expand into Somersworth our Developer's Handbook will provide the information you need to get the ball rolling. If you are less experienced, the following information will help guide you through the process and provide an overview of available resources. We also want you to be successful and encourage you to contact us for guidance at any point during the process.

Business Plan

If you are serious about starting a business you need a written business plan. The **NH Small Business Development Center (SBDC)** offers an online business plan template for less than \$50. Once you have completed the plan you can meet with one of their business counselors to discuss and critique the plan. The SBDC has a wide variety of free online workshops and is a fantastic resource for new businesses.

For assistance with the business plan process and other questions, contact one of the three SBA funded business resource centers:

NH Small Business Development Center- www.nhsbdc.org

SCORE- www.seacoast.score.org

Center for Women and Enterprise- www.cweonline.org

The **Center for Women's Business Advancement**, www.cwbanh.com, is located at the Southern New Hampshire University and also provides low cost assistance to individuals seeking business assistance.

Business Utility Zone Gateway, www.Buzgate.org.

"BUZGate.org is an award-winning entrepreneurial education and resource community serving small and medium-sized businesses. Content promotes awareness and access to free government and nonprofit assistance programs and select business-to-business products and services tailored to driving venture startup, growth and profitability."

Local, State and Federal Agencies

Once you are ready to turn your plan into a business there are some steps you need to take at the local, State and Federal level. These may include the following:

1. **Register your business name** with the NH Secretary of State's office. You should also take a minute to look up the name before you register with the State. This information can be found under the corporate division of the website.

www.sos.nh.gov

2. On the Federal level you will need to visit the I.R.S.'s website and register for an **Employer Identification Number**.

www.irs.gov

3. **Licenses and Permits** – Depending on the type of business you may need to apply for State and/or Federal licenses or permits. A list of businesses that require a license or a permit can be found on the Secretary of State’s website.

The **City of Somersworth** requires permits for things such as minor and major building changes, home occupation businesses, events, change of use and signs. Please visit our website, www.somersworth.com, and you will find “Quick Links” at the bottom of our home page. The “Applications and Permits” are located here. You can also contact Development Services at 603-692-9520 to inquire about the specific permits needed for your business.

4. **LLC, Corporations & Partnerships:** All businesses need to choose a type of **business entity** when they register with the State. The simplest type is a sole proprietorship where the owner’s personal assets are not separate from the business assets. There are a number of different ways to organize a business including L.L.C, Corporations and Partnerships. It is strongly recommended that you consult with a business attorney and a CPA before you make a decision. Information about the different types of business entities is located on the Secretary of State’s website and at the end of this guide.
5. **Patents:** Protecting your big idea. If you have created a new product or have any type of **Intellectual property** that you feel needs to be protected please consult with a patent attorney. You can learn more about the process by visiting the Federal website. www.uspto.gov or www.copyright.gov
5. **Insurance:** All businesses should consider having insurance protection. The type of business you form will be a factor in the type and amount of insurance needed. The New Hampshire Insurance Department can guide you in figuring out what you need. www.nh.gov/insurance
7. **Taxes:** Paying taxes can be complicated and it may be wise to hire a bookkeeper or payroll service to assist you with the variety of mandatory business taxes. The I.R.S.’s website can help you with some of these questions.
8. **Employees:** If you plan on hiring employees you will need to contact New Hampshire Employment Services. New hires must be reported to NHES. www.nhes.nh.gov
9. **Record keeping** is essential. Quickbooks is a great way to keep track of your income and expenses if you have the time and expertise. Quickbooks classes are offered through the local adult education center in Dover. www.doveradulthoodlearning.org or call 603-742-1030. Good record keeping is important for income and expenses as well as employee records. Both the I.R.S. and the N.H.E.S. provide information on the records you need to maintain.

10. **Location, location, location.** Somersworth has several business districts that offer everything from new car dealers to medical offices along with national retailers and boutiques.

The zoning for each district will help you decide which area is best for your business. The zoning map and list of allowed businesses for each district can be found on our website's Doing Business section under "Getting Started." The City also keeps a list of available land and commercial buildings which is updated regularly. The list, as well as links to various commercial realty sites, can also be found on the business section of our website, www.somersworth.com under "Business Districts."

If you are looking to locate in a place where people can stroll, linger and take in the historic architecture of the City you will want to visit our **downtown business district**. Recent improvements have added to the vibrancy of the downtown and it is the perfect place for casual dining, unique shopping and gathering with friends.

Tax Incentives: The downtown district offers RSA 79-E which is a tax incentive for property owners that make a significant investment in their building. The downtown district is also an Economic Revitalization Zone offering potential tax savings for businesses that are investing in their facility and hiring new talent.

Just outside of the downtown district, also located in the Economic Revitalization Zone, is **Malley Farm Business and Industrial Park**. Malley Farm is home to a variety of businesses including advanced manufacturers, engineering companies and distribution centers. Malley Farm is a great choice for companies that need all of the big City utilities but don't need a high profile location.

The **High Street** business district is bustling with national and local retailers. Our lack of a sales tax makes Somersworth a popular shopping destination for our neighbors across the river in Maine. High Street also is home to a number of medical offices offering everything from general practitioners to oral surgeons to physical therapists. If you need visibility this could be a perfect spot for your business.

Not to be outdone is the busy **Route 108** corridor. Fondly referred to as our "medical mile," this area is conveniently located between two hospitals and boasts a large number of medical practices. Route 108 is also home to automobile dealerships, an industrial park, professional offices, a state-of-the-art health and fitness club and a golf course. A portion of the Route 108 corridor is located in an ER Zone.

Funding

Getting your business idea off the ground requires a plan and the funds to get your plan into action.

The **Small Business Development Administration (SBA)** has a number of loan programs offered through traditional banks. SBA business loan guarantee programs may be a good fit for a business that is not able to qualify for a traditional bank loan on its own. You can visit their website to learn more about their loan programs and how to locate an SBA lender. www.sba.gov/nh

The **Capital Regional Development Council (CRDC)** is a certified Small Business Administration 504 lender licensed throughout New Hampshire. The SBA 504 loan program “offers long-term, fixed rate financing for up to 40% of approved project costs. The borrower’s bank provides a 50% first mortgage leaving the borrower with a nominal 10% equity injection.” www.crdc-nh-com

Alternative lenders can provide gap financing and can help put together a deal involving several lending sources. Somersworth businesses work with the **Strafford Economic Development Corporation (SEDC)** which is located in Dover. SEDC has helped many local businesses with a variety of funding needs. www.sedcnh.org

The **Great Falls Development Corporation (GFDC)** is a private non-profit offering small loans (typically between \$50,000-\$100,000) exclusively to Somersworth businesses. Interested applicants can reach out to the City’s Economic Development office at 603-692-9516 to discuss their financing needs.

Also available to Somersworth businesses is the **Somersworth Community Development Corporation (SCDC)**. The SCDC offers low interest loans to businesses investing in their facility. Loans of up to \$50,000 can be used to enhance the structural needs of the building or façade. Administered by the Somersworth Housing Authority the SCDC is an independent non-profit offering loan programs to both commercial and residential communities. More information can be obtained by calling Deborah Evans at 603-692-2864 or emailing her at dievans@somersworthhousing.org.

Some businesses choose to seek out investors as opposed to taking out a traditional loan. Equity financing is offered by Angel Investor groups and Venture Capitalists. A number of these equity type investment groups exist in New Hampshire. The **NH Division of Economic Development** has a list of NH investors and angels on their website, www.nheconomy.com. The **eCoast Angel Network** in Portsmouth serves the Somersworth business community. www.ecoastangels.com

We are thrilled that you are considering locating your business in Somersworth. Our team of professionals is here to help you through all stages of the life of your business. Please call us at 603-692-9516 and let us know how we can assist you today.

**Forms of Business Organization Chart
NH Small Business Development Center**

	Proprietorship	Partnership	'S' Corporation	'C' Corporation	L.L.C
Formation	No permission required.	Agreement of parties involved. No permission required.	File with state for permission.	File with state for permission.	File with state for permission.
Legal Liability	Unlimited, personal assets at risk	Unlimited, personal assets at risk	Limited	Limited	Limited to investment and varies with terms of LLC agreement
Management	Full control of management and options.	Relatively few legal requirements	Shareholders are not personally liable for debts of the corporation.	Shareholders are not personally liable for the debts of the corporation.	Members are not personally liable for the debts of the corporation if the LLC is properly structured.
Simplicity of Operation	Relatively few legal requirements.	Relatively few legal requirements.	Formality of board of directors, officers, annual meetings and annual reporting.	Formality of board of directors, officers, annual meetings and annual reporting.	Some formal requirements but less formal than corporations.
Continuation of Business Entity	Limited to the life of proprietor	Limited unless provided for in a partnership agreement	Unlimited unless terminated by agreement of shareholders	Unlimited unless terminated by agreement of shareholders	Unlimited unless terminated by agreement of members
Acquisition of Capital	Limited by the proprietors ability to secure	Limited by the partners' ability to secure	Acquired by issuing stock or other borrowing	Acquired by issuing stock or bonds or other borrowing	Acquired by issuing stock or bonds or other borrowing
Federal tax filing required	Schedule C with owner's form 1040	Form 1065 and K-1 with Owners' 1040	Form 1120S and K-1 to each shareholder	Form 1120	No tax at LLC level, similar to 'S' Corp.
Taxation of Income	Directly as owner's income	Directly to each partner as agreed	Distributed to shareholder and taxed directly to each	Taxed at corporate level and again if distributed to shareholders	Generally taxed when distributed to shareholders.
Admin and Legal costs	Lowest	Moderate	Lowest among corporate forms	Higher than 'S' Corp.	Varies

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Owner's Fringe Benefits	Not yet fully tax deductible	Not yet fully tax deductible	Deductible, but subject to many regulations	Deductible, but subject to many regulations	Deductible, but subject to many regulations
Pension Plans	Some IRA, Keogh, SEP	Some IRA, Keogh, SEP	Various	Various	Various
Transferability of Interest	No	No	Yes, subject to consent	Shares of stock in a corporation are easily transferable	Possibly
Major Advantage(s)	Flexibility, minimum paperwork	Flexibility, minimum paperwork	Limited Liability (in most instances) and avoids double taxation	Limited Liability (in most instances) Easier to raise capital than other forms	Limited Liability (in most instances) Simpler to administer than other corp. forms
Major Disadvantages	Unlimited financial liability	Unlimited financial liability, unclear authority can lead to problems	Several Limitations of 'S' status. Limits on some owner benefits	Greater cost and administration, double taxation of owner's income	Complicated in some ways, not valid in all states. May not meet the needs of some owners