

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

FALL 2022



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This October, we celebrate women in business. Find out how the Center can help your small business.



HOUSING LOANS AVAILABLE

Little to no credit history or low credit score? We may be able to help.

The Center for Rural Affairs believes in building sustainable communities. To serve more diverse community members, we are often more flexible than traditional lenders.



\$5,000 TO \$100,000

Information and terms:

- Term: Up to 15 years and will be amortized over up to 30 years
- Down payment: We do not require applicants to provide a down payment on property to be purchased. However, applicants who provide a down payment may be eligible for discounted interest rate
- Use of funds: Purchase of home, owner occupied rehabilitation or renovation, emergency repair to a property.

For more information, visit cfra.org/homeloans, call 402.687.2100, or email loans@cfra.org.

CENTER *for* RURAL AFFAIRS

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On the cover: Ricardo Pascual, owner of Latino Auto Sales | Photo by Kylie Kai

BUSINESS SPOTLIGHT

Owner: Mariza Pacheco

Business: Pacheco, LLC dba Gary's Cleaning

Opened: September 2017

Location: Scottsbluff, Nebraska

Industry: cleaning

Type of assistance: Business loan (Express Loan), one-on-one assistance, and QuickBooks workshop



SPOTLIGHT



"It's been very busy, it's been like a rollercoaster. But I love working with my family, that's my favorite part. It's nice to be able to trust people, and to know they have my best interests, and my business' best interests, at heart." -Mariza



"I'm so grateful I found the Center. If you're out there trying, just don't give up. Keep looking until you find the person who will give you a loan. Thank you to the Center for giving us the opportunity to get started and for helping us out." -Mariza



Ricardo Pascual's passion for cars has turned into a successful business, Latino Auto Sales in Grand Island, Nebraska. Ricardo not only received loans from the Center, he also got one-on-one counseling from staff, including Raul Arcos Hawkins, Center business development specialist, pictured above. | Photos by Kylie Kai

Loans help Ricardo Pascual drive into the auto industry

By Liz Stewart and Carlos Barcenas

Ricardo Pascual's love of cars started when he was a young boy. Watching his father fix up and trade different automobiles throughout his childhood sparked a passion to pursue the dream of having his own auto sales business.

Upon moving to Nebraska, Ricardo found a home he loves in Grand Island, which also became the perfect home for his business.

In 2008, he began working with cars and selling them on the side, then opened Latino Auto Sales in 2015 as a sole proprietorship. Today, his business operates as an LLC.

"My dad really enjoyed cars, and he was a businessman," said Ricardo. "He knew a lot about cars, so when he wasn't buying and selling them, he would upgrade them. He really enjoyed having different models of cars, so he would trade often. I really enjoyed watching that process and learning from him."

With assistance from the Center for Rural Affairs, Ricardo got a loan in February 2015 that helped him buy inventory for Latino Auto Sales. In December 2015, he took out another loan to purchase more inventory.

Center loan specialists work with entrepreneurs to build a solid foundation on which to start or grow a business. Our small business loans come with expert support and assistance in areas like marketing, management, finance, credit counseling, and strategic planning.

Griselda Rendon, Latino loan specialist with the Center, helped guide Ricardo through the loan process and helped him again in March 2021, when Ricardo received additional financing from the organization.

“When Ricardo opened his business, he was able to create a great relationship with the owner of the building he leased,” said Griselda. “When the owner was ready to sell, Ricardo was first in line to receive the offer.”

With financing from the Center, Ricardo was able to buy the building as well as the lot, and also did remodeling that included paving the car lot and expanding the restroom.

He prides himself on offering fair, attentive service to all of his customers. And, along with one other full-time salesman, he sells all types of used cars in a variety of makes and models.

“My favorite part about having my own business is being able to give my clients the best service possible,” said Ricardo. “We sell used cars, and we offer opportunities and work with anyone regardless of their credit history or no credit history. We also work with banks and financial institutions to try to finance and make it possible for people to obtain a car.”

Ricardo is grateful his passion for cars has turned into a successful business. He thanks his father for inspiring him and the Center for helping him realize his dream.

“Working with the Center was a very good experience,” he said. “Sometimes things can get complicated when you get a loan, but receiving help from them was definitely an advantage. They helped me throughout the process, lessening the burden and making everything easier to understand.” 📌



What you need to know about the Nebraska

The Nebraska Advantage Microenterprise Tax Credit program is designed for and only available to small business owners in Nebraska. It is a refundable tax credit for 20% of eligible business investments up to \$20,000 over a lifetime.

Business owners should apply now. The deadline to apply is Nov. 1, 2022.

Are you eligible?

All applicants must be actively involved in the daily operations of the business and have five or fewer full-time equivalent (FTE) employees. Restrictions and exemptions:

- A business owner is not eligible if certain related individuals have already been granted the maximum credit amount.
- Farmers and livestock operators with more than \$500,000 in assets may only claim for:
 - Meat processing, aquaculture, agritourism, production of fruits, herbs, trees, vegetables, or nuts, dried fruit, organic crops, or nursery crops.

Which investments qualify?

An applicant can run a new or continuing business but must invest new dollars to receive the tax credit. Qualifying investments include:

- New or raised employee compensation up to 150 percent of Nebraska's average weekly wage (\$1,380 in 2021), including pay to an owner.
- New employee health insurance coverage.
- Building and real property purchases.
- Increasing building lease payments.
- Repairs and maintenance to property.
- Legal and professional fees.

Example: how to calculate “full-time equivalent” employees example:

Total annual hours paid to three employees: **6,000**

Divided by 1 annual FTE hours: **2,080**

Total FTE employees: **2.9**



Applicants with employees must verify their FTE at the time of application with a payroll register and, when claiming the credit, produce a year-end payroll register listing all paid staff. In most cases, the owner counts toward the FTE employee total.

- Advertising.
- Purchase or lease of depreciable assets, such as equipment, machinery, computers, office equipment, etc.

Non-qualifying expenditures:

- Changing the legal business structure (e.g. sole proprietorship to S Corporation).
- Purchasing an existing business with no additional investment.
- An investment also claimed by a business partner.
- Licensed motor vehicle purchase, lease, repair, or maintenance.

Nebraska Advantage Microenterprise Tax Credit

How to apply.

1 Determine your eligibility. Use the information from page 6 and from the Department of Revenue to determine your eligibility. If unsure, contact the Department of Revenue.

2 Prepare for application. Gather required documents and information for applying. This includes tax forms, business registration documents, payroll registers, descriptions of the business and one's involvement in it, and other documents required by the Nebraska Department of Revenue.

➤ Applicants will also need to generate a business investment plan with estimated outcomes to include the following:

- Projected income and expenditures of the business.
- The market being served and how the business fits into the market.
- The projected investment and/or employment increase.
- Projected increase in income or employment generated by the investment.

➤ For a full list of required items visit the Nebraska Department of Revenue's website, revenue.nebraska.gov.



Example: how to calculate your credit

Total investment in business:
\$10,000 in new employee compensation
+ \$7,000 business building renovation =
Total investment of \$17,000
20 percent of investment = **\$3,400**
Final tax credit = **\$3,400**

3 Submit the application. It may be helpful, but not required, to seek the assistance of an accountant or other professional. Applications should be submitted to the Department of Revenue directly.

4 Maintain documentation. If your application is approved, you must hold onto documentation of your business finances, investments, employees, payments, and income to receive the credit. This includes:

- Personal and business tax returns
- Tax depreciation schedule
- Lease agreements
- Year-end payroll register,
- W-3N and W-2 forms
- Health insurance billing
- List of claimed expenditures
- Documentation of expenditures (e.g. invoices)
- E-Verify employee confirmation pages

5 File tax credit claim. Once approved, the applicant has two consecutive tax years to make the investment and claim the tax credit. The credit will be disbursed after submitting form 3800N Worksheet M when filing taxes. 📄

RESOURCE

Check out cfra.org/nebraska-advantage-microenterprise-tax-credit for more information, examples, helpful links, and current information on the Nebraska Advantage Microenterprise Tax Credit.



OUR LOAN PRODUCTS *Apply at cfra.org/loans*

✓ Small Business Loan

Up to \$250,000 for working capital, equipment, inventory, and real estate.

✓ Express Loan

For borrowers with credit needs less than \$20,000. Fewer documents and faster decision.

✓ Housing Loan

Mortgage loans between \$5,000 and \$100,000 are available for purchase of home, owner-occupied rehabilitation or renovation, or emergency repair to a property.



BUSINESS DEVELOPMENT SERVICES

Business counseling

Business development specialists are available for consultations on business troubleshooting, cash flow and budget, loan packaging, and more.

Loan specialists

We have a statewide network of loan specialists ready and willing to help you along your small business journey. Find your specialist on pages 10 and 11.

Start-up checklist

You have a great idea for a new small business. Congratulations! That's the first step. But, you need to do a few other things to turn that idea into a business. We offer an online checklist with actions to get you started. Visit cfra.org/business-start-checklist.

Events and networking

We host various workshops and networking opportunities focused on emergency preparedness, marketing, business plans, social media, specific industries, and more. To stay up to date, visit cfra.org/events.



Funded in part through a cooperative agreement with the U.S. Small Business Administration. All SBA funded programs are extended to the public on a nondiscriminatory basis. The Center for Rural Affairs is an equal opportunity provider and employer.



Attendees of the Center for Rural Affairs Women's Business Center conference in South Sioux City, in May 2022, post for a group photo. This conference was offered in Spanish. | Photo by Kylie Kai

Celebrating Women's Business Month

By Jessica Campos, Women's Business Center director

In 1972, there were a little over 400,000 women-owned businesses in the U.S. Until 1988, women needed a male relative to co-sign if they wanted to apply for a business loan. That same year, the Women's Business Ownership Act increased Small Business Administration's access to capital to provide financial assistance to organizations geared toward women-owned small businesses.

By 2019, women-owned businesses represented 42% of all U.S. businesses and generated \$1.9 trillion worth of revenue. Today, there are more than 13 million women-owned businesses and counting, according to SCORE.

This October, Women's Business Month, we honor the milestone achievements of today's women-owned businesses.

The Center for Rural Affairs Women's Business Center provides free services to rural Nebraskans to help entrepreneurs and small business owners start and grow successful businesses. Our Women's Business Center is one of a network of centers across the country assisting entrepreneurs.

Services are provided in three ways:

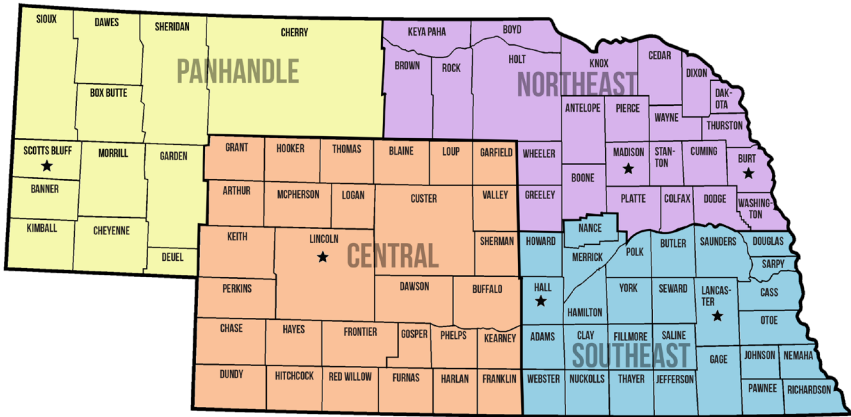
- 1) Training—Whether for a luncheon or classroom workshop, we offer business start-up and management training across the state, year-round. We cover topics ranging from QuickBooks, and marketing, to business startup, and strategic planning.
- 2) Networking—Our business specialists host regularly scheduled networking events in towns across the state. These events serve as a venue for local entrepreneurs and business owners to connect, share ideas, and learn more about new business management practices.
- 3) Coaching—We offer personal, one-on-one business assistance to entrepreneurs and small business owners across the state. Our business specialists and consultants can work with you virtually or in-person. To request an appointment, please email wbc@cfra.org.

Find out more about the Center for Rural Affairs Women's Business Center at cfrawbc.org.

BUSINESS RESOURCE

SMALL BUSINESS LENDING STAFF

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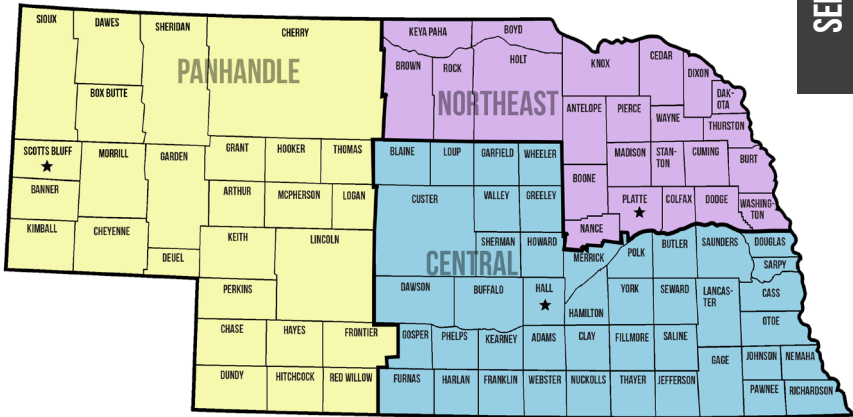
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QUESTIONS AND APPLICATION PROCESS



cfra.org/loans



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Join in the conversation. Our loan specialists are now on Facebook.



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