

SMALL BUSINESS NEWS



CENTER *for* RURAL AFFAIRS

Spring 2024



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For more information, visit cfra.org/food-and-farm-business-loans, or contact Meg Jackson at megj@cfra.org or 402.309.9096.

CENTER *for* RURAL AFFAIRS

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On the cover: Maria Dolores Arias Villalpando of Laundry Mex, LLC, in Grand Island, Nebraska. | Photo by Rhea Landholm

Understanding sales tax in Nebraska

By Griselda Rendon | Jessie Eby contributed to this article



One of the most common stumbling blocks for small business owners is understanding sales tax rules and regulations. Often, we don't know what we don't know, so it can be hard to ask the necessary questions to get started.

► What is sales tax?

Sales tax is an additional charge imposed by the state of Nebraska and some cities and counties for goods and services purchased within the state. This tax is applied to the sale, transfer, or exchange of a taxable item or service and is paid by the consumer, collected by the seller, and then passed along to the government. Tax revenue is then used by the government to fund various services and programs.

► What are my responsibilities as a small business owner?

You are in charge of collecting sales tax, reporting it accurately and on time, and paying the amount owed. It's worth noting certain goods and services are not subject to sales tax.

Collect sales tax. Before you can collect sales tax, you'll need to know how much to collect. This amount varies based on the location where the transaction occurs. You'll need to collect the state sales tax (5.5%), plus county and city sales taxes, if applicable. This means that if your business makes sales in multiple locations within Nebraska, you need to charge sales tax according to the location where the transaction occurs.

Report and file taxes on time. You will be required to report sales tax either monthly, quarterly, or yearly. This frequency is determined by your estimated annual revenue when you file your Nebraska Tax Application.

How do you file your sales tax returns?

The Nebraska Department of Revenue makes it easy to file and pay your taxes online using a digital form, which will automatically figure the sales tax owed, taking into account the differing tax rates by location (if you have sales in multiple locations).

If you're not interested in filing your taxes digitally, you can still use a paper copy of the Nebraska Form 10. Bear in mind, you'll have to manually calculate the sales tax owed for each jurisdiction. When you collect and file sales tax, you'll receive a 3% discount on taxes owed. This is a way to put money back in the pockets of small businesses and motivate sellers to collect sales tax.

► Who can I turn to for help in reporting sales tax?

The Center For Rural Affairs has free resources available to any small business owner in Nebraska. We can answer any questions you have and connect you with experienced tax professionals. If you haven't yet hired an accountant or bookkeeper, it might be time to consider doing so. Not only does it remove a task from your already-full plate, it can save you money in the long run.

Navigating the complexities of sales tax may seem daunting, but when you're armed with the correct information, you can move forward confidently. We're here to help you succeed. Reach out to the loan specialist in your area for guidance with your small business.

Read more about sales tax at cfra.org/blog. 📖

Business Resource

Business owner creates welcoming atmosphere for entrepreneurs and community

By Liz Stewart | Carmen Montes and Carlos Barcenas contributed to this story

When Maria Dolores Arias Villalpando started working at Laundry Mex, LLC, in Grand Island, Nebraska, she had no idea she'd eventually own the business and the building it's in, plus become a property manager to other immigrant business owners like herself.

Maria's employers approached her several years ago about buying their laundromat, and she was thrilled to take them up on their offer. At the time, her son also rented a space in the commercial building for his transportation and parcel business.

"My son and I decided that if I bought the building he didn't have to pay rent anymore, and we could use that money toward the purchase of the building," Maria said.

A visit from Center for Rural Affairs Latino Loan Specialist Griselda Ren-

don became a crucial piece to complete Maria's plan. Griselda walked Maria through the loan process, and she received funding to buy the building in June 2022.

"Maria was great to work with, and she loves helping people and being around people," Griselda said. "Her customer service is absolutely amazing; all her customers love her because she is always willing to go the extra step for them. Maria is always trying to learn new things and wants to make sure she does what is best for not only her business but also her customers and tenants."

What Maria lacked was a business plan, financial projections, and the documented income necessary for loan approval. With support from Griselda, Maria worked hard to get those pieces in place and attended classes offered by

the Center on marketing, taxes, and business startup.

Maria used the knowledge she gained to construct a solid foundation from which she could access loan capital and build a multi-generational business that will sup



Maria received a loan from the Center for Rural Affairs to buy the building that houses her laundromat. | Photos by Rhea Landholm and Sandra Renner

port a community of entrepreneurs and customers.

“Center staff were able to provide me with so much information, and I’m super grateful to everyone who was involved,” she said. “The process was long, but they were honest. That’s how they do business; they don’t have you running around or give you false hope.”

Along with becoming a business owner, Maria also inherited the responsibilities of a property manager, which has presented her with opportunities to help other entrepreneurs.

Maria considers her building an incubator for businesses, and she loves to see new people, as well as spend time with her regular customers.

To others considering taking on business responsibilities, Maria says to keep going, and trust the Center.

“The main thing would be not to give up,” she said. “If you really want to do something, work hard for it. Get to know the Center and their services. The Center helped so much.”

Bit by bit, Maria hopes to continue improving the laundromat by bringing in newer machines, and she’s always looking for more ways to offer the best customer service she can.

“I am happy because everything worked out the way I was thinking,” Maria said. “Every morning I thank God that I was able to accomplish something, and I feel happy to be able to provide for my three children. For them to see that I accomplished this will hopefully inspire them.”

Need financing to purchase a business, or start one of your own? Contact your regional loan specialist. Find yours on pages 10 and 11. 📍



Because of Maria’s dedication to her business and to being a role model to other entrepreneurs, she has been chosen to receive the Center for Rural Affairs 2023 Entrepreneur Award.

The award recognizes those who have received Center services and achieved remarkable success in business while demonstrating the values of innovation, community leadership, and social responsibility.

The Laundry Mex building is home to several storefronts in addition to the laundromat, and is on a busy street in Grand Island, near many minority- and Latino-owned small businesses.

“ We have many clients who walk here with their laundry baskets, and this is a welcoming place, so people come in and take advantage of the services. It’s also a place where people come to just relax, meet new people, and it’s a spot where they can sit and chat. My favorite part is when the kids walk home from school; they stop in and buy snacks and spend time with me for a little bit.

-Maria ”

Pictured from left: Maria’s son, Maria, Griselda, and Center Executive Director Brian Depew

Transitioning a business to a family member

By Odee Ingersol, Nebraska Business Development Center

The path of a small business owner is full of ups and downs, but few things are as satisfying as being able to look back and see how far your business has come and what you've built. Making the decision to retire is not easy for most, and it comes with many questions that need to be answered. Namely, what will happen to the business?

Although it can be easy to get swept up in the rosy ideals of a multi-generational family business, it's not always the picture-perfect scenario business owners might hope for. We suggest you consider the reality of what transferring the ownership of a business to your family looks like. The decision to pass your business down to a child or another family member isn't one to take lightly.



Planning

Generally speaking, you should put as much time into planning the transition out of your business as you did getting into it. You'll want to keep your family, employees, attorney, CPA, and key investors in the loop about your plans so no one is caught off guard. Clearly communicated goals can keep you and your stakeholders on the same page throughout the business transition. It's a good idea to lay out the timeline for your departure so everyone knows what to expect and has plenty of time to make any necessary changes. The more time you allow for your exit, the less stressful the transition will be. A minimum of five years is suggested to allow for a smooth transition.



Should you keep your business in your family?

For many small, family-owned businesses, the succession plan centers on passing the business down to the next generation. However, sometimes this isn't what is best for the family or the business. It's not uncommon to hear about feuds and rifts within families due to frustrations or disagreements regarding the succession plan or the process with which it is handled.

Before you decide to keep the business within the family, you should consider a few things. Is there anyone in the family who wants to run the business? Is there anyone in the family capable of running the business? If you can't answer yes to both of these questions, you may need to consider a different plan for transitioning out of your business.



Refer to your business plan

Although it may not contain a detailed succession strategy, you should be looking at your business plan to get a solid grasp on where your business is headed. All shareholders need to be on the same page about future goals and what will be necessary for the business to continue on its path. A forward-looking strategic plan will let everyone know what to expect in the years to come. (Let the Center know if you need assistance in updating or writing your business plan—we can help.)

Learn more

This is part 1 of a 3-part series. Be sure to pick up the next editions for information on transitioning to a non-family member plus tips for buyers.



Bring in professional help

Even if you're planning to keep your business within your family, you still need to bring in key professionals to keep the succession plan on track. They include your CPA, attorney, and lender. It's important to have these folks in your corner to help you make the best decisions for the future of your business. These professionals will help you have a solid understanding of the transition process, determine your business's value, and ensure that everything is above board from a financial and legal vantage.



Choosing the right successor

Selecting the right successor means more than simply defaulting to the oldest child. You'll want to make sure the successor has a genuine interest and passion for the family business and either possesses or is willing to learn the skills necessary to lead. It's a good idea to begin training them for the role a few years before you plan to retire, allowing them to manage the business before you transfer ownership.

Owning a business comes with many responsibilities, so it's best to ease your successor into their new role. Not only does this give your successor a chance to learn their new responsibilities, it gives you the opportunity to get used to the idea of retirement—something many struggle with. Small business is incredibly personal, and this extended exit gives your employees and customers time to adjust to the idea of your retirement, while still knowing they're in good hands.



Gifting vs selling

We would do anything for our families, but is it smart to give your business to them? The answer is complicated and hinges upon many variables. There are tax implications to either giving them the business or selling it to them or to an outsider, and a licensed CPA can help you choose the path that will be most beneficial to you, your successor, and your business.

Starting a business isn't for the faint of heart, and getting out of it isn't either. After years of dedication and sacrifice, we know how important it is to see your business continue to succeed even after you've chosen to step away. Whether you choose to keep your business in the family or sell to an outside buyer, you don't have to go it alone. The Nebraska Business Development Center can guide you as you navigate the next phase for your business. 📍



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Food & Farm Business Loans

Up to \$250,000 for working capital, marketing expenses, bookkeeping, farm or business insurance, purchasing inventory, etc.; equipment and infrastructure such as processing, storage, fencing, buildings; purchase an existing business; purchase of vehicles, business real estate, or other long-term assets; or gap financing to complement state or federal grant programs.

Business development services

Business counseling

Business development specialists are available for free 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.

Events and networking

We host various workshops and networking opportunities focused on small businesses. To stay up to date, visit cfra.org/events.



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2023 Entrepreneur Award



Owners: Rachael Barlow and Heather Veik

Location: Neligh, Nebraska | **Opened:** September 2021

About the award: The Entrepreneur Award recognizes entrepreneurs who have received Center services and achieved remarkable success in business while demonstrating the values of innovation, community leadership, and social responsibility.

Award Spotlight

“ Their motto, ‘Come fill your cup with community, fellowship, inspiration, and a unique barista experience’ really fits not only the business, but the owners. Rachael and Heather have given back to their community, participated in many community events, and have referred clients to the Center to further entrepreneurship in northeast Nebraska.

–Kim Preston, director of Lending Services

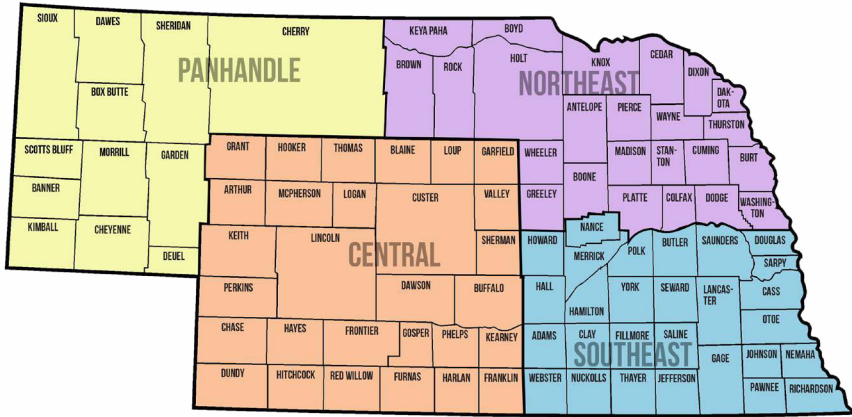
This award is a very sweet reminder that we can do hard things and that the self-doubt that tries to come through isn't worth listening to. When we were informed of the news, so much tension just fell away. There is something deeply meaningful in feeling seen, and it's very reassuring that our vision is helping others. It really means the world.

–Rachael

The Center has been completely invaluable to us. We truly wouldn't be here without the Center. We would like to give the entire staff our most heartfelt thanks, not only for the opportunities, but also for the belief, the support, and the shared vision of the incredible things rural living can offer.

–Heather ”

Find your lender



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Questions and loan application process



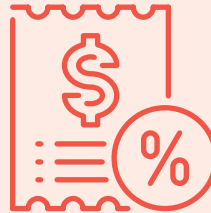
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Service Map