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Representing the 11th Congressional District of Pennsylvania

SMALL BUSINESS ASSISTANCE GUIDE



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CONGRESSMAN PAUL E. KANJORSKI HAS PREPARED THIS **SMALL BUSINESS ASSISTANCE GUIDE** FOR INFORMATIONAL PURPOSES ONLY. **BEFORE MAKING ANY FINANCING DECISIONS, YOU SHOULD CONSULT WITH OFFICIALS AT THE U.S. SMALL BUSINESS ADMINISTRATION AND WITH AN ACCREDITED LENDER TO CRAFT A PLAN TO MEET YOUR NEEDS.**

Dear Business Leader:

In an effort to keep business leaders in my congressional district informed of federal and state aid programs for which they may qualify, I have completed this Business Assistance Guide. It is intended to outline assistance programs in a concise manner, which allows for quick review and cross comparison. Please know, it is extremely important to understand that the Guide serves as a working document in which programs and topics are added, deleted, and updated as necessary.

It is my firm belief that the economic revitalization of Northeastern and Central Pennsylvania depends on the success of our small business communities. While some companies are expanding, the region has yet to realize its full economic potential. It is essential that every effort be put forth to ensure that the region's business leaders are supplied with the resources they need to expand operations, create jobs and generate revenues.

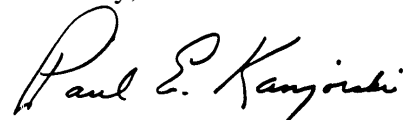
The first section of the Guide details issues that individuals should consider when starting a business. The Guide also includes sections on federal government programs regarding business financing, research and development funding, and government procurement. Additionally, I have included a section that specifically discusses resources available for Northeastern and Central Pennsylvania.

To specifically address the financing needs of small businesses, this Guide highlights many of the programs maintained by the United States Small Business Administration (SBA). The SBA directs the majority of the federal aid programs. The Administration should be consulted first by businesses looking to expand operations, upgrade machinery and equipment, or seek working capital.

The topic of Government procurement is also addressed in this Guide. The Federal Government is the largest consumer of goods and services in the country, yet many businesses do not know how to sell to government agencies. In order to expand sales opportunities for small and mid-sized businesses, the Guide discusses procurement programs, which stem from federal government agencies. In addition to expanding opportunities for companies, increased involvement in government procurement by the businesses of Northeastern and Central Pennsylvania will have a direct and positive impact on the region's economy.

Please feel free to contact me with any comments or questions you have. Once again, I hope the information I have organized in the Business Assistance Guide is useful to you. I wish you the best of luck with all your business endeavors.

Sincerely,

A handwritten signature in black ink that reads "Paul E. Kanjorski". The signature is written in a cursive style with a large initial "P".

Paul E. Kanjorski
Member of Congress

STARTING A SMALL BUSINESS

Getting Started

Congress recognized the importance of small businesses to the vitality, growth, security, and sustainment of our nation. In 1953, Congress passed the Small Business Act (which established the Small Business Administration (SBA)) to assist in promoting, fostering, and preserving small business concerns. The SBA is designed to be the primary federal resource for small businesses and should be consulted when considering whether to start, manage, expand or sell a small business. To learn more about the SBA, you can visit its website at <http://www.sba.gov>.

Potential entrepreneurs should consider several issues. First and foremost, individuals aspiring to start their own business should spend some time formally developing their business concept. After developing the business concept, entrepreneurs should work on constructing a business plan in order to secure financing options. You should visit the SBA's website at <http://www.sba.gov/smallbusinessplanner/index.html> for more information.

Generally speaking, the SBA delivers its services through an extensive network of field offices and partnerships with public and private organizations. Regardless of whether you are starting a business, expanding your business or seeking help during difficult economic times, you should consult with a local SBA partnership organization at a Small Business Development Center (SBDC). The SBDC program is a cooperative effort of the private sector, the educational community, and federal, state, and local governments (see page 19 for more information). Locally, the SBDCs at Wilkes University, University of Scranton and Bucknell University have been enormously successful in fostering small businesses in Northeastern Pennsylvania. You can visit the SBDCs free of charge. The SBDCs in Northeastern and Central Pennsylvania are located at the following addresses:

<p><u>University of Scranton SBDC</u> University of Scranton 411-413 Quincy Avenue (Gallery House) Scranton, PA 18510-4639 Phone: (570) 941-7588 www.scrantonsbdc.com</p>	<p><u>Wilkes University SBDC</u> Wilkes University Innovation Center, Suite 200 7 S. Main Street Wilkes-Barre, PA 18701 Phone: (570) 408-4340 www.wilkes.edu/sbdc</p>	<p><u>Bucknell University SBDC</u> Bucknell University 112 Dana Engineering Building Lewisburg, PA 17837 Phone: (570) 577-1249 www.pasbdc.org/bucknell</p>
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You may also want to consult with your local Service Corps of Retired Executives (SCORE) "Counselors to America's Small Business" organization. SCORE is a non-profit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide. SCORE is a resource that partners with the U.S. Small Business Administration. Below you will find the contact information to your local SCORE:

<p><u>Scranton Enterprise Center</u> 201 Lackawanna Avenue, Suite 216 Scranton, PA 18509 Phone: (570) 851-1608 http://www.scorescranton.org/</p>	<p><u>Wilkes-Barre SCORE</u> Stegmaier Building 7 Wilkes-Barre Blvd., Suite 362 Wilkes-Barre, PA 18702-5241 Phone: (570) 826-6502 / Fax: (570) 826-6498 http://www.wbscore.org/</p>
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<u>Monroe -Stroudsburg SCORE</u> 556 Main Street Stroudsburg, PA 18360 Phone: 570-421-4433Ext823 Fax: (570) 424-7281 http://www.scoremonroe.org/	<u>N. Central PA SCORE</u> Executive Plaza 330 Pine Street, Suite 305 Williamsport, PA 17701 Phone: (570) 322-3720 Fax: (570) 322-1607 http://www.lycoming.org/SCORE/
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The SBA's Philadelphia District Office serves the 40 counties of Eastern Pennsylvania. Its mission is to provide prospective, new or established persons in the small business community with financial, procurement, management and technical assistance.

You can reach the Philadelphia District Office at the following contact information:

<u>Philadelphia District Office</u> Parkview Tower 1150 First Avenue Suite 1001 King of Prussia, PA 19406 Phone: (610) 382-3062 http://www.sba.gov/pa/phil

Developing Your Concept

Before you can establish your small business, you should take some time to ask, answer, and reflect on the following points:

Which business is right for me?

- 1) What do I like to do with my time?
- 2) What do others say I am good at in life?
- 3) Do I have hobbies or interests that are marketable?

What niche will my business fill?

- 1.) Do I have a practical business idea?
- 2.) What is my advantage over existing firms?
- 3.) Can I create a demand for my business?

Am I finally ready to begin my business?

- 1.) Where will the business be located?
- 2.) What structure of ownership will the business implement?
- 3.) How will the business find resources?

Creating a Business Plan

After developing a business concept, prospective small business owners should begin creating a business plan. If an owner of a business wants to apply for a loan, they will have to submit a business plan. This plan will enable the lender (of the money) to see the strategic steps the business will take to generate the money that will eventually pay back the loan. Business plans also help the owner of the small business to think about the different and crucial aspects of the company. If you are applying for financing for your business, you will need to supply the

financial institution with a copy of your business plan as part of the application (see the Financing section).

Ownership and Management should be a separate section of the plan, including a resume of owners and key personnel. A Location section for some businesses, such as retailers, may be necessary when location is a critical element. The Location section would include not only the physical address, but also the parking, traffic patterns, other businesses in the area that may be draw or deterrent to the business. Finally, you may want to consider including the physical layout of the building in your plan. Below is a suggested guide from the SBA:

INTRODUCTION:

- ◆ Detailed description of business and goals
- ◆ Ownership of the business as well as the legal structure (sole, general, limited, etc.)
- ◆ Skills and experience you bring to the business
- ◆ Discuss the advantage your business has compared to competitors

MARKETING:

- ◆ The products and services offered
- ◆ Identify the customer demand
- ◆ Identify your market, its size, and locations
- ◆ Explain how you will advertise
- ◆ Discuss pricing strategy

FINANCIAL MANAGEMENT:

- ◆ Detail your source for internal capital
- ◆ Develop a monthly operating budget for the first year
- ◆ Discuss your break even point
- ◆ Tell who will maintain your accounting matters
- ◆ Provide “what if” statements for approaches to problems that may develop

OPERATIONS:

- ◆ Discuss daily operation of the business
- ◆ Discuss hiring procedures
- ◆ Account for equipment and delivery of and for the services
- ◆ Suppliers

CONCLUDING STATEMENT:

- ◆ Summary of business goal
- ◆ Projected Financial Statements should also be part of any business plan

Assistance with Developing Your Business Plan

Two Small Business Administration programs, *Small Business Development Centers (SBDC)* as well as the *Service Corps of Retired Executives (SCORE)* program (see page 19 for program details), offer free assistance with the preparation of business plans. Once the plan is perfect in your eyes, meet with your potential lender to discuss an agreement that changes as the business flourishes.

FINANCING YOUR BUSINESS

Once you have developed your concept and constructed your business plan, you will need to think about how you intend to finance your small business. Your ability to obtain and secure appropriate financing is one of the key prerequisites to starting a successful business. Raising capital is the most basic of all business activities. However, raising capital may not be easy. In fact, it can be a complex process. Nevertheless, if you are informed and have planned effectively, raising capital for your business may be a positive experience. The following information summary focuses on ways small businesses can raise money and explains how to prepare a loan proposal.

Finding the Money You Need

There are several sources to consider when looking for financing. It is important to explore all of your options before making a decision. The following are some potential sources:

- ◆ **Personal Savings:** The primary source of capital for most new business comes from savings and from other forms of personal resources. While credit cards are often used to finance business needs, there may be better options available, even from very small loans.
- ◆ **Friends and Relatives:** Many entrepreneurs look to private sources when starting a business venture. Friends and family may loan money at free or low interest rates, which can be beneficial when getting a business started.
- ◆ **Banks and Credit Unions:** The most common sources of funding, banks and credit unions, will provide a loan if you can present a sound business proposal.
- ◆ **Venture Capital Firms:** The firms help expanding businesses engage in the exchange of equity or partial ownership.

On its website, SBA has established a special section, which provides information about financing your small business. The web address is as follows:

<http://www.sba.gov/smallbusinessplanner/start/financestartup/index.html>

Borrowing Money

It is sometimes said that small businesses have a difficult time borrowing money. This is not necessarily true. Banks make money by lending money. The inexperience of many small business owners in financial matters, however, often prompts banks to deny loan requests. Applying for financing when you are not properly prepared sends a “high risk” signal to your lender.

To be successful in obtaining a loan, you must be prepared and organized. You must know exactly how much money you need, why you need it, and how you will pay it back. You must be able to convince your lender that you are a “good” credit risk.

Types of Business Loans

Terms of loans may vary from lender to lender, but there are two basic types of loans: **short-term** and **long-term**.

Generally, a **short-term loan** has a maturity of up to one year. These include working capital loans, accounts-receivable, and lines of credit.

Long-term loans have maturities greater than one year but usually less than seven. Real estate and equipment loans may have maturities of up to 25 years. Long-term loans are used for major business expenses such as purchasing real estate and facilities, construction, durable equipment, furniture and fixtures, vehicles, etc.

Writing a Loan Proposal

Approval of your loan request depends on how well you present yourself, your business, and your financial needs to a lender. It is important to remember that lenders want to make loans, but they must make loans they know will be repaid. The best way to improve your chance of obtaining a loan is to prepare a written proposal.

A solid loan proposal will contain information on your business concept and your financial needs to a lender. You can satisfy the information requirements listed below with a sound business plan as described above. A robust loan proposal will contain the following:

General Information

- ◆ Include business names, names of principals, Social Security number for each principal, and the business address.
- ◆ Define the purpose of the loan – it is important to explain exactly what the loan will be used for and why it is needed.
- ◆ Identify the amount required – describe the exact amount of money you need.

Business Description

- ◆ Describe the history and nature of the business – details of what kind of business it is, its age, number of employees, and current business assets.
- ◆ Discuss ownership and nature of the business – details on your company’s legal structure.

Management Profile

- ◆ Develop a short statement on each principal in your business – provide background, education, experience, skills and accomplishments.

Market Information

- ◆ Clearly detail your company’s products as well as your markets.
- ◆ Identify your competition and explain how your business competes in the market place.
- ◆ Profile your customers and explain how your business can satisfy their needs.

Financial Information

- ◆ Compile Financial Statements—Be sure to collect balance sheets and income statements for the past three years. If you are starting out, provide a projected balance sheet and income statement for three years.

- ◆ Personal financial statements, including information on tax returns, on yourself and other principal owners of the business.
- ◆ Include collateral you would pledge as security for the loan.

The Loan Request Review Process

When reviewing a loan request, the lender is primarily concerned with repayment. Loan officers judge loan applicants on what are commonly referred to as *the four C's*:

- ◆ **Character:** Lenders will order a copy of your credit report and review debt repayment trends. They want to know if you pay your bills, and if you pay them on time. If there are blemishes on your report, explain them.
- ◆ **Cash Flow:** Lenders will look at historical and projected cash flows to determine whether you will be able to repay the loan and still have money to adequately run the business. Include written justifications for your projections in your loan proposal.
- ◆ **Collateral:** Collateral is an asset (something you own) which a lender may claim to satisfy a loan in the event the loan is not repaid according to the required terms. Often assets purchased with the loan may serve as collateral. If the business does not have enough collateral, the bank will look to personal assets.
- ◆ **Capitalization:** Capitalization refers to the basic resources of the company including owner's equity, retained earnings, and fixed assets. You do not have to be fully capitalized to qualify for a loan.

SBA's ROLE & PROGRAMS FOR FINANCING

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. SBA primarily delivers financial assistance in four main ways: through business loan programs, investment programs, bonding programs, and research and consulting programs.

The SBA does not offer grants to start or expand small businesses, although it does offer a wide variety of loan programs, many of which are detailed in the following pages.

Understanding Small Business Administration's Role and Qualifying for its Programs

SBA does not make direct loans to small businesses. Rather, SBA sets the guidelines for loans, which are then made by its partners (commercial lenders, community development organizations, and microlending institutions). SBA guarantees that these loans will be repaid, thus eliminating some of the risk to the lending partners.

As a result, when a business applies for a SBA loan, it is actually applying for a commercial loan through a SBA approved commercial lender, structured according to SBA requirements with a SBA guaranty.

Therefore, if you are interesting in applying for a SBA guaranty loan, you will need to apply through an approved lender. A list of SBA-approved commercial lenders can be found on page 24. More detailed information about collateral and interest rates is provided on page 22.

SBA-guaranteed loans may not be made to a small business if the borrower has access to other financing on reasonable terms. In addition, SBA requires personal guarantees from owners and shares the risk of default with the lender by making any guarantee less than 100%.

SBA loan guaranty requirements and practices can change as the government alters its fiscal policy and priorities to meet current economic conditions. Therefore, you can't rely on past policy when seeking assistance in today's market.

To participate in any of the SBA's programs, a business must meet the SBA's definition of "small business." This is a business that is organized for profit; residents in the United States; makes a contribution to the U.S. economy by paying taxes or using American labor, products, and materials; and does not exceed the size standard for its industry.

Depending on the industry, the standard for determining the size of your small business can vary. In most cases, as long as you have less than 500 employees, you qualify for most SBA programs. However, you should confirm this by visiting the SBA's size standard website at the following web address: <http://www.sba.gov/size>.

Within the following pages, you will find a summary of the SBA's primary loan guaranty programs and information about other SBA programs. For a complete listing of SBA's programs, you should contact your local SBDC, SCORE, the SBA's Philadelphia District Office or visit <http://www.sba.gov/services/index.html>.

Basic Guaranteed Loan Programs

7(a) Loan Guarantee Program

The 7(a) Loan Program is SBA's primary program to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. The name comes from Section 7(a) of the Small Business Act, which authorizes SBA to provide business loans to American small businesses. SBA itself does not make loans, but rather guarantees a portion of loans made and administered by commercial lending institutions.

7(a) loans are the most basic and most commonly used type of loans. They are also the most flexible, since financing can be guaranteed for a variety of general business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets.

Participating lenders agree to structure loans according to SBA's requirements, and apply and receive a guaranty from SBA on a portion of this loan. The SBA does not fully guarantee 7(a) loans—the lender and SBA share the risk that a borrower will not be able to repay the loan in full. The guaranty is against payment default; it does not cover imprudent decisions by the lender or misrepresentation by the borrower.

Due to increases as a result of the Small Business Jobs Act, which Congress passed with my support, a 7(a) loan can be up to \$5 million. In addition, the Small Business Jobs Act also increased the SBA's maximum loan guarantee authority to 90% on a loan through December 31, 2010. Further details about the SBA's 7(a) program are available on SBA's website at <http://www.sba.gov/services/financialassistance/sbaloantopics/7a/index.html>.

SBA offers several different types of 7(a) loans that include Express Loans, International Trade loans and Special Purpose loans. Further information on some of these loans is provided below.

Certified Development Company (504) Loan Program

The CDC/504 loan program is a long-term financing tool for economic development within a community. The 504 Program provides small businesses requiring "brick and mortar" financing with long-term, fixed-rate financing to acquire major fixed assets for expansion or modernization. In contrast to the 7(a) program, the 504 Loan Program distributes loans through a Certified Development Company. A Certified Development Company (CDC) is a non-profit corporation with a mission to contribute to the economic development of its community. Through this program, CDCs work with the SBA and private lenders to provide financing to small businesses.

Typically, a 504 project includes:

- ◆ A loan secured from a private sector lender with a senior lien covering up to 50 percent of the project cost;
- ◆ A loan secured from a CDC (backed by a 100 percent SBA-guaranteed debenture with a junior lien covering up to 40 percent of the total cost);
- ◆ A contribution from the borrower of at least 10 percent equity

Proceeds from 504 loans must be used for fixed asset projects, such as:

- ◆ Purchasing land and improvements, including existing buildings, grading, street improvements, utilities, parking lots and landscaping;
- ◆ Construction of new facilities or modernizing, renovating or converting existing facilities;
- ◆ Purchasing long-term machinery and equipment

The 504 Program cannot be used for working capital or inventory, consolidating or repaying debt, or refinancing.

The Small Business Jobs Act of 2010 raised the maximum SBA 504 loan limit to \$5 million (and up to \$5.5 million in some cases). Further details about this program are available at <http://www.sba.gov/services/financialassistance/sbaloantopics/cdc504/index.html>.

There are about 270 CDCs nationwide, each covering a specific geographic area. If you are interested in applying for a 504 loan, you should contact the CDC nearest you. You can find a list of CDCs at http://www.sba.gov/localresources/district/pa/phil/financing/PA_PHILCDC.html.

Micro-Loan Program

The Micro-Loan Program provides very small loans to start-up, newly established, or growing small business concerns. Under this program, SBA makes funds available to non-profit community based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$50,000. The average loan size is about \$13,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level.

Small businesses and non-profit child-care centers needing small-scale financing and technical assistance for start-up or expansion are the primary recipients of loans under this program. Working with the SBA and specially designated intermediary lenders (non-profit organizations with experience in lending and in technical assistance) help to make direct loans to small businesses. You can learn more by visiting the SBA's Micro-Loan Program website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/mlp/index.html>.

In order to apply for a micro-loan, you will need to contact any of the following microlender intermediaries in our area:

Northeastern Pennsylvania Alliance

Enterprise Development Division

1151 Oak Street

Pittston, PA 18640-3795

Phone: (570) 655-5581 or (866) 758-1929

Website: <http://www.nepa-alliance.org>

Service Area: Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne counties

MetroAction, Inc.

P.O. Box 431

222 Mulberry Street

Scranton, PA 18501-0431

Phone: (570) 341-0270 ext. 2

Website: <http://www.metroaction.org>
Service Area: Luzerne, Lackawanna, and Monroe counties

SEDA-Council of Governments

201 Furnace Road
Lewisburg, PA 17837
Phone: (570) 524-4491

Website: <http://www.seda-cog.org/Pages/Home.aspx>
Service Area: Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Montour,
Northumberland, Perry, Snyder, and Union counties

Other Guaranteed Loan Programs

As mentioned above, there are several variations on the 7(a) Loan Program designed to meet the needs of the nation's small businesses. The major types of 7(a) loans are Express Programs; Export Loan Programs; and Special Purpose Loans Program. Below you will find a description of some of these programs. In order to apply for any of these programs, you will need to apply through an approved lender. If you have specific questions about any of these programs, you should contact the SBA's Philadelphia District Office.

SBA Express Program

The SBA Express Program offers borrowers an answer within 36 hours. Lenders are provided authority by the SBA to make eligibility decisions. The maximum loan amount is \$1 million and the maximum SBA guarantee is 50% through September 27, 2011. Loans made under this program generally follow the SBA eligible use standards for the 7(a) Loan Program. Lenders and borrowers can negotiate the interest rate. However, rates may not exceed SBA maximums: 6.5% over the base rate for loans of \$50,000 or less, and up to 4.5% over for loans over \$50,000.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking "Express Programs."

Patriot Express Program

The Patriot Express program guarantees loans up to \$500,000 for most business purposes. Only small businesses that are 51% or more owned/controlled by veterans or members of the military are eligible to apply. The maximum guarantee amount and eligible use standards generally follow the 7(a) Loan Program. Lenders are provided authority by the SBA to make eligibility decisions.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking "Express Programs."

Export Express Program

The SBA Export Express Program provides exporters and lenders a streamlined method to obtain SBA-based financing for loans and lines of credit up to \$350,000. Lenders use their own credit decision process and loan documentation, SBA provides an expedited eligibility review and

provides a response with 24 hours. The maximum guarantee amount and eligible use standards generally follow the 7(a) Loan Program.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking "Export Loan Programs."

Export Working Capital Program

SBA's Export Working Capital Program (EWCP) loans are targeted for businesses that are able to generate export sales and need additional working capital to support these sales. Participating lenders review and approve applications and submit the request to the SBA staff at the U.S. Export Assistance Center location servicing the exporter's geographical territory. The maximum EWCP loan amount is \$2 million. The maximum SBA guaranty is 90% if the total SBA guaranteed portion to the borrower does not exceed \$1.5 million. When that cap is reached, a lender can still get a 90% guaranty through a co-guaranty program between SBA and the Export-Import Bank.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking "Export Loan Programs."

International Trade Loan Program

The International Trade Loan Program offers term loans to businesses that plan to start or continue exporting or that have been adversely affected by competition from imports. The maximum loan amount is \$5 million and the SBA is authorized to issue a guaranty for up to 90% depending upon the terms of the loan.

Funds may be used for the acquisition, construction, renovation, modernization, improvement or expansion of long-term fixed assets, or the refinancing of an existing loan used for these same purposes. International Trade loans must be secured by a first lien position or first mortgage on the property or equipment financed by the loan.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking "Export Loan Programs."

Community Adjustment and Investment Program (CAIP)

The Community Adjustment and Investment Program (CAIP) was established to assist U.S. companies doing business in areas of the country that have been negatively affected by NAFTA. CAIP loans allow for the payment of fees on eligible loans, including the 7(a) Loan Program guaranty fee and the 504 program guaranty and CDC and lender fees. Depending on the size of the loan, these fees can be sizeable. CAIP works with SBA to reduce borrower costs and increase the availability of these programs.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program

website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking “Special Purpose Loans Program.”

CAPLines Program

CAPLines is an umbrella program that helps small businesses meet their short-term and cyclical working-capital needs. It features five lines:

- ◆ **Seasonal Line.** Borrowers must use the loan proceeds solely to finance the seasonal increases of accounts receivable and inventory (or in some cases associated increased labor costs); it can be revolving or non-revolving.
- ◆ **Contract Line.** This line finances the direct labor and material cost associated with performing assignable contract(s); it can be revolving or non-revolving.
- ◆ **Builders Line.** If you are a small general contractor or builder constructing or renovating commercial or residential buildings, this can finance direct labor and material costs. The building project serves as the collateral, and loans can be revolving or non-revolving.
- ◆ **Standard Asset-Based Line.** This is an asset-based revolving line of credit for businesses unable to meet credit standards associated with long-term credit. It provides financing for cyclical growth, recurring and/or short-term needs. Repayment comes from converting short-term assets into cash, which is remitted to the lender. Businesses continually draw from this line of credit, based on existing assets, and repay as their cash cycle dictates. This line generally is used by businesses that provide credit to other businesses. Because these loans require continual servicing and monitoring of collateral, additional fees may be charged by the lender.
- ◆ **Small Asset-Based Line.** This is an asset-based revolving line of credit of up to \$200,000. It operates like a standard asset-based line except that some of the stricter servicing requirements are waived, providing the business can consistently show repayment ability from cash flow for the full amount.

Except for the Small Asset-Based Line, which has a maximum loan amount of \$200,000, CAPLine loans follow SBA's 7(a) maximum loan amounts.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking “Special Purpose Loans Program.”

Employee Trusts Program

This program is designed to provide financial assistance to Employee Stock Ownership Plans. The employee trust must be part of a plan sponsored by the employer company and qualified under regulations set by either the Internal Revenue Service Code (as an Employee Stock Ownership Plan, or ESOP) or the Department of Labor (the Employee Retirement Income Security Act, or ERISA). Applicants covered by the ERISA regulations must also secure an exemption from the Department of Labor regulations prohibiting certain loan transactions.

The maximum loan amount and guaranty % follow the 7(a) Loan Program standards.

More information can be found by visiting the SBA's Guaranteed Loan Programs website at <http://www.sba.gov/financialassistance/borrowers/guaranteed/index.html> or 7(a) Loan Program

website at <http://www.sba.gov/financialassistance/prospectivelenders/7a/> and clicking “Special Purpose Loans Program.”

Defense Loan and Technical Assistance (DELTA) Program

SBA's Defense Economic Transition Assistance program is designed to help eligible small business contractors to transition from defense to civilian markets.

A small business is eligible if it has been detrimentally impacted by the closure (or substantial reduction) of a Department of Defense (DoD) installation, or the termination (or substantial reduction) of a Department of Defense Program on which the small business was a prime contractor, subcontractor, or supplier at any tier. In addition, a business can be deemed eligible if it is located in community that has been detrimentally impacted by these same actions.

In order to qualify for this loan, 25% of the revenues of the company must be from the Department of Defense or from the Department of Energy. The loan also has three policies. Of these, one must be met through the funds provided by the loan: the business retains defense employees, must create new jobs, the actions taken must still enable the business to be part of the Department of Defense. Loans typically follow standard 7(a) Loan Program terms.

More information can be found by visiting the Defense Loan and Technical Assistance Program website at http://www.sba.gov/smallbusinessplanner/start/financestartup/SERV_DELTA.html.

Capital Market Access Programs

The SBA primarily administers the Surety Bonding Program and Small Business Investment Company Program to improve access for small businesses to parts of the capital markets. Below you will find a short description of these two programs.

Surety Bonding Program

A surety bond is a bond that a contractor purchases to guarantee that it will complete a contract. If the contractor fails to complete the contracted work, the surety bond is used to pay for completion. The SBA guarantees four types of surety bonds. First, it guarantees bid bonds to ensure that if a bidder wins a procurement competition the bidder will sign the contract. Second, it guarantees payments bonds that the contractor will pay suppliers and subcontractors. Third, it guarantees performance bonds that the contractor will complete the work as contracted. Fourth, it guarantees ancillary bonds that are required to guarantee the performance of the contract.

For more information about the Surety Bonding Program including how to apply, you should visit <http://www.sba.gov/financialassistance/borrowers/surety/>.

Small Business Investment Company (SBIC) Program (Venture Capital)

Venture capital is a type of equity financing that addresses the funding needs of entrepreneurial companies that for reasons of size, assets, and stage of development cannot seek capital from more traditional sources, such as public markets and banks. Venture capital investments are generally made as cash in exchange for shares and an active role in the invested company.

Venture capital differs from traditional financing sources in that venture capital typically:

- ◆ Focuses on young, high-growth companies;
- ◆ Invests equity capital, rather than debt;

- ◆ Takes higher risks in exchange for potential higher returns;
- ◆ Has a longer investment horizon than traditional financing;
- ◆ Actively monitors portfolio companies via board participation, strategic marketing, governance, and capital structure.

For more SBA information on venture capital, you can visit the following website:

<http://www.sba.gov/financialassistance/borrowers/vc/index.html>.

SBA helps provide venture capital through the Small Business Investment Company (SBIC) Program. The SBIC Program was created by Congress in 1958 to bridge the gap between entrepreneurs' need for capital and traditional financing sources. SBICs, which are licensed by SBA, are professional, privately owned and managed venture funds that participate in a vital partnership between government and the private sector economy. Although SBA doesn't invest money directly in small businesses, the SBIC Program provides comparatively inexpensive capital to SBICs to provide equity capital, long-term loans, and debt-security investments. Essentially, the SBIC Program is a "fund of funds."

In addition to investing capital, SBICs provide hands-on involvement in their portfolio companies, including:

- ◆ Board participation
- ◆ Corporate governance
- ◆ Strategic planning and marketing
- ◆ Recruitment
- ◆ Financial support
- ◆ Capital raising
- ◆ Company exit support

There are over 400 licensed SBICs in operation today. SBICs pursue investments in a broad range of industries, geographies and stage of investment. Some SBICs invest in a particular field or industry in which their management has expertise, while others invest more generally. Most SBICs concentrate on a particular stage of investment (i.e., start-up, expansion or turnaround) and identify a geographic area in which to focus. The form of SBA funding that a particular SBIC uses can vary and will have an impact on the type of investments they can make.

Small businesses interested in seeking financing from a SBIC should contact that SBIC directly.

A list of Small Business Investment Companies can be found by visiting the following website:

http://www.sba.gov/aboutsba/sbaprograms/inv/INV_DIRECTORY_SBIC.html.

Small Business Research and Development

Congress requires federal agencies with research and development budgets of \$100 million or more to set aside a portion of these funds specifically for small businesses. To date, 11 federal agencies set aside funding for small businesses including the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, and Transportation, and the Environmental Protection Agency, the National Aeronautics and Space Administration, and the National Science Foundation.

Each agency maintains its own small business program and selects awardees. The SBA maintains a website that provides links to each agency's small business program. You can view this website at http://www.sba.gov/aboutsba/sbaprograms/sbir/announce/sbir_links.html.

In addition, the SBA's Office of Technology works to strengthen and expand the competitiveness of U. S. small high technology research and development businesses in the federal marketplace. The Office also assists in achieving the commercialization of the results of federal research and development programs. The Office oversees two main programs: the Small Business Innovation Research (SBIR) program and the Small Business Technology Transfer (STTR) program.

Small Business Innovation Research (SBIR) Program

The Small Business Innovation Research (SBIR) Program awards competitive grants to small businesses to research and develop new ideas for selected federal government agencies. The SBA coordinates and oversees the SBIR Program but does not provide funding for awards. Awards are determined by the federal agency. Phase I grants allow a company to determine if an idea has scientific and technical merit and is feasible. Phase II evaluates the idea's commercial potential. Phase III is private sector development of the idea.

Phase I awards are for a maximum of \$100,000 over six months and Phase II awards are for a maximum of \$750,000 over more than two years. Intellectual property rights are protected for four years after the completion of Phase I, Phase II, or Phase III.

For more information about the program including how to apply for funding, you can visit <http://www.sba.gov/aboutsba/sbaprograms/sbir/index.html>.

Small Business Technology Transfer (STTR) Program

The Small Business Technology Transfer (STTR) Program is similar to the SBIR Program but it requires the small business to work with a non-profit research institute. The SBA coordinates and oversees the STTR Program but does not provide funding for awards. Awards are determined by the federal agency. Phase I awards are a maximum of \$100,000 for one year. Phase II awards are for a maximum of \$500,000 over two years. While there is no STTR funding for Phase III, the awarding federal agency may issue a sole source contract to a team that has successfully reached this stage.

For more information about the program including how to apply for funding, you can visit <http://www.sba.gov/aboutsba/sbaprograms/sbir/index.html>.

Consultation and Technical Assistance

Congress assigned the responsibility of aiding, counseling, assisting and protecting the nation's small businesses to the SBA. In order meet its responsibilities, the SBA offers many consultation and technical assistance programs free of charge through its extensive network of field offices and partnerships with public and private organizations.

Below you will find a description and contact information for the SBA's primary field offices and partnership organizations providing consultation and technical assistance.

Small Business Development Centers (SBDC)

The Small Business Development Center (SBDC) program is the SBA's primary consultation and technical assistance program. The SBA administers the SBDC program which provides management assistance to current and prospective small business owners. SBDCs offer one-stop assistance to individuals and small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. The program is a cooperative effort of the private sector, the educational community and federal, state and local governments and is an integral component of Entrepreneurial Development's network of training and counseling services.

Many of the SBA's services provided at an SBDC are free of charge. Bucknell University, Wilkes University and the University of Scranton operate SBDCs on their respective campuses. Contact information for these centers is included on page 4 of this Guide.

Service Corps of Retired Executives (SCORE)

Beyond the SBDC program, SBA administers the Service Corps of Retired Executives (SCORE) program. Started in 1964, SCORE is a program that networks volunteers who are familiar with different aspects of business to business leaders who need advice about their companies. They offer free and expert advice to help those in need of direction with their business. Financed by the SBA, the program seeks to match counselor experience with the needs of the business leader seeking advice. They also develop training programs and business oriented seminars to aid the concerns of business leaders.

The main topics of SCORE workshops and seminars include:

- Pre-business Planning;
- Basic Management Techniques;
- Marketing & Sales;
- Women's Business Operations;
- Financial Management Techniques;
- Veteran's Business Operations;
- International Trade Expansion & Franchising;
- Employee Rights & Regulations;
- Taxes & Accounting

You can learn more about this program at <http://www.score.org/>. Contact information for your local SCORE organization can be found on pages 4 and 5 of this Guide.

Veterans Business Outreach Centers (VBOCs)

SBA's Office of Veterans Business Development is dedicated to maximizing the availability, applicability and usability of all Administration small business programs for Veterans, Service-Disabled Veterans, Reserve Component Members, and their Dependents or Survivors. You can learn more about the Office of Veterans Business Development by visiting its website at <http://www.sba.gov/aboutsba/sbaprograms/ovbd/index.html>.

The Office of Veterans Business Development administers the Veterans Business Outreach Program (VBOP). Through the VBOP, SBA partners with local organizations to form Veteran Business Outreach Centers (VBOC). VBOCs provide similar services as a SBDC but specifically for veterans. You can learn more about the VBOP by visiting

http://www.sba.gov/aboutsba/sbaprograms/ovbd/OVBD_VBOP.html. In addition, you can contact your local VBOC at the following contact information:

Robert Morris University, Veterans Business Outreach Center
 600 Fifth Avenue
 Pittsburgh, PA 15219
 Point of Contact: Mr. Lawrence Tomei (vboc@rmu.edu)
 Phone: (412) 397-6842 / Fax: (412) 227-6850
 Website: <http://www.rmu.edu/vboc>

Women's Business Centers (WBCs)

SBA's Office of Women's Business Ownership (OWBO) exists to establish and oversee a network of Women's Business Centers (WBCs). SBA's WBCs are similar to SBDCs, except they concentrate on assisting women entrepreneurs. WBCs provide technical assistance, training and counseling to help women, especially women who are economically or socially disadvantaged, start and grow their own businesses.

For more information, you can visit the SBA's Office of Women's Business Ownership website at <http://www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html>. You can also contact any of the below WBCs in the Commonwealth of Pennsylvania:

<p><u>E-Magnify</u> Seton Hill University Seton Hill Drive Greensburg, PA 15601 Director: Joanne Markle Phone: (724) 830-4625 Email: info@e-magnify.com Website: http://www.e-magnify.com</p>	<p><u>The Women's Business Center at Community First Fund</u> 30 West Orange Street P.O. Box 524 Lancaster, PA 17603 Director: Joan Brodhead Phone: (717) 393-2351 Email: jbroadhead@commfirstfund.org Website: http://www.commfirstfund.org/womens-business-center/</p>
<p><u>Empowerment Group, Inc.</u> 2111 North Front Street Philadelphia, PA 19122 Director: Kendra Mayson Phone: (215) 427-9245 Email: kmayson@empowerment-group.org Website: http://www.empowerment-group.org/</p>	<p><u>Women's Business Development Center</u> 1315 Walnut Street, Suite 1116 Philadelphia, PA 19107 Director: Sandra Merry Phone: (215) 790-5059 Email: smerry@womensbdc.org Website: http://www.womensbdc.org</p>

U.S. Export Assistance Centers

U.S. Export Assistance Centers, located in major metropolitan areas throughout the United States, are one-stop shops ready to provide your small- or medium-sized business with local export assistance. At an Export Assistance Center you can receive personalized assistance by professionals from the U.S. Small Business Administration, the U.S. Department of Commerce, the U.S. Export-Import Bank and other public and private organizations. Generally speaking, it's a partnership that makes it easier to get the help you need to compete and succeed in the global

marketplace. You can contact your local U.S. Export Assistance Center at the following contact information:

PHILADELPHIA

Robert Elsas (robert.elsas@mail.doc.gov)

Regional Manager, Export Solutions Group

Office of International Trade

The Curtis Center, 601 Walnut Street, Suite 580 West

Philadelphia, Pennsylvania 19106

Tel: 215-597-6110 / Fax: 202-481-5216

Program Website: <http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html>

THE SBA APPLICATION PROCESS

How It Works

You submit a loan application to a lender for initial review. If the lender approves the loan subject to a SBA guaranty, a copy of the application and a credit analysis are forwarded by the lender to the nearest SBA office. After SBA approval, the lending institution closes the loan and disburses the funds. You make monthly loan payments directly to the lender. As with any loan you are responsible for repaying the full amount of the loan.

There are no balloon payments, pre-payment penalties, application fees or points permitted with 7(a) loans. Pre-payment fees are permitted on loans with maturities of 15 years or longer.

Use of Proceeds

You can use a 7(a) loan to:

- expand or renovate facilities;
- purchase machinery, equipment, fixtures, and leasehold improvements;
- finance receivables and augment working capital;
- refinance existing debt with compelling reason;
- finance seasonal lines credit;
- construct commercial buildings;
- and/or purchase land or buildings.

Terms, Interest Rates, and Fees

The length of time for repayment depends on the use of the proceeds and the ability of your business to repay. Typical repayment periods differ for different types of loans, usually 5 to 10 years for working capital and up to 25 years for fixed assets such as the purchase of major renovation of real estate or purchase of equipment.

Both fixed and variable interest rates are available. Rates are pegged at no more than 2.25 percent over the lowest prime rate for loans with maturities of less than seven years and up to 2.75 percent for seven years or longer. For loans under \$50,000, rates may be slightly higher.

The SBA normally charges the lender a nominal fee to provide a guaranty, and the lender may pass this charge on to you. **However, due to actions taken by Congress, most fees have been eliminated through 2010.** For information, you should contact a SBA-approved lender. A list of SBA-approved lenders can be found on page 24.

Collateral

You must pledge sufficient assets, to the extent that they are reasonably available, to adequately secure the loan. Personal guaranties are required from all the principal owners of the business. Liens on personal assets of the principals may be required. In most cases, however, a loan will not be declined in the event that insufficient collateral is the only unfavorable factor.

Eligibility

Your business generally must be operated for profit and fall within the size standards set by the SBA. The SBA determines if the business qualifies as a small business based on the average number of employees during the preceding 12 months or on sales averaged over the previous 3 years. Loans can not be made to businesses engaged in speculation or investment. Below are the most common size standards.

Maximum Size Standards:

- ◆ Manufacturing - 500 employees
- ◆ Wholesaling - 100 employees
- ◆ Retail and Service Industries - \$6.5 million
- ◆ General & Heavy Construction Industries - \$31 million
- ◆ Special Trade Contractors - \$13 million
- ◆ Agricultural Industries - \$.75 million

Documentation Requirements: What Should You Take to the Lender

Documentation requirements may vary. You should contact your lender for the information you must supply. Common requirements include the following:

- ◆ Purpose of the loan
- ◆ History of the business
- ◆ Financial statements for three years (existing businesses)
- ◆ Schedule of term debts (existing businesses)
- ◆ Aging of accounts receivable and payable (existing businesses)
- ◆ Projected opening-day balance sheet (new businesses)
- ◆ Lease details
- ◆ Amount of investment in the business by owner(s)
- ◆ Projections of income, expenses, and cash flow
- ◆ Signed personal financial statements
- ◆ Personal resume(s)

PARTICIPATING U.S. SMALL BUSINESS ADMINISTRATION (SBA) LENDERS

Below you will find a list of SBA-approved lenders based on the 2010 Small Business Resource Guide published by the SBA's Philadelphia District Office. Please know that this list is not comprehensive and Philadelphia District Office updates its approved lender list annually.

You can view the latest version of the Philadelphia Small Business Resource Guide by visiting <http://www.smallbusiness3.com/pdf/english/pennsylvania-philadelphia.pdf>.

The below list of lenders is not in any particular order and Congressman Kanjorski does not personally endorse the use of any one lender.

Luzerne and Lackawanna Counties SBA-Approved Lenders

<u>Choice One Federal Credit Union</u> 101 Hazle Street Wilkes-Barre, PA 18702 570-823-7676	<u>Cross Valley Federal Credit Union</u> 640 Baltimore Drive Wilkes-Barre, PA 18702 570-823-6836
<u>Community Bank & Trust Co.</u> 125 N. State Street Clarks Summit, PA 18411 570-587-3421 ext. 361	<u>Fidelity Deposit & Discount Bank</u> Drinker & Blakely Streets Dunmore, PA 18512 570-348-4370
<u>First Liberty Bank & Trust</u> 198 E. Tioga Street Tunkhannock, PA 18657 570-836-2100	<u>First Federal Bank</u> 12 E. Broad Street Hazleton, PA 18201 570-459-3792
<u>First Liberty Bank & Trust</u> 64 N. Franklin Street Wilkes-Barre, PA 18701 570-821-8555	<u>First National Community Bank</u> 102 E. Drinker Street Dunmore, PA 18512 570-348-4816
<u>Franklin Security Bank</u> 667 N. River Street Plains, PA 18705 570-825-9800	<u>Landmark Community Bank</u> 2 S. Main Street Pittston, PA 18640 570-602-4522
<u>Luzerne National Bank</u> 118 Main Street Luzerne, PA 18709 570-288-5483	<u>North Penn Savings & Loan Assn.</u> 216 Adams Ave. Scranton, PA 18503 570-344-6113
<u>Old Forge Bank</u> 216 S. Main Street Old Forge, PA 18518 570-457-8345	<u>Penn Security Bank & Trust Co.</u> 150 N. Washington Ave. Scranton, PA 18503 570-346-7741 ext. 354
<u>PENNSTAR Bank</u> 409 Lackawanna Ave./PBFC Ste. 201 Scranton, PA 18503 570-343-8200	

Carbon, Columbia, Monroe Counties & Surrounding Area SBA-Approved Lenders

<u>Jim Thorpe National Bank</u> 12 Broadway Jim Thorpe, PA 18229 570-325-3631	<u>Mauch Chunk Trust Company</u> 1111 North Street Jim Thorpe, PA 18229 570-325-2265
<u>First Columbia Bank & Trust Co.</u> 232 East Street Bloomsburg, PA 17815 570-387-4623	<u>First Keystone National Bank</u> 111 W. Front Street Berwick, PA 18603 570-762-3671
<u>Pocono Community Bank</u> 559 Main Street Stroudsburg, PA 18360 570-424-9700	<u>FNB Bank, N.A.</u> 354 Mill Street Danville, PA 17821 570-275-3740
<u>Service 1st FCU</u> 1207 Bloom Street Danville, PA 18721 570-271-6060	

For more information about approved lenders in your area, you should contact the SBA's Philadelphia District Office at the following contact information:

<u>Philadelphia District Office</u> Parkview Tower 1150 First Avenue Suite 1001 King of Prussia, PA 19406 Phone: (610) 382-3062 http://www.sba.gov/pa/phil

THE FEDERAL PROCUREMENT PROCESS

The Federal Government is the largest consumer of goods and services in the world, yet many businesses do not know how to sell to government agencies. Most federal agencies are required to set aside a specific number of government contracts exclusively for small businesses. However, any given procurement transaction can be complex, involving a multitude of searching, registering and additional actions.

This next section provides the avenues and resources by which businesses both large and small can do business with the government. Because each agency's procurement process is different, you will need to consult with the below information to take the appropriate action to compete for a contract.

Getting Started

In an effort to help small business owners understand how the contracting process works, determine whether your business qualifies, and decide whether government contracting is right for you, the SBA administers a contracting opportunities website. This website contains resources for small business owners and government/contracting officials. You can view this website by visiting <http://www.sba.gov/contractingopportunities/index.html>.

If you have decided that contracting is right for you, registration is usually the first step in order to do business with the government. With a few exceptions, a firm that wants to compete for federal government contracts must meet at least three requirements: (1) obtain a Data Universal Numbering System (DUNS) number, which is a unique nine-digit identification number for each physical location of a business, (2) register with the government's Central Contractor Registry (CCR) database and (3) complete an Online Representations and Certifications Application (ORCA). Additional requirements specific to a particular procurement may be found in the applicable solicitation.

You can begin the registration process by visiting the following websites:

DUNS Number: http://www.dnb.com/US/duns_update/

CCR Database: <http://www.ccr.gov>

ORCA: <https://orca.bpn.gov>

In addition, the Business Partner Network can provide guidance on registering your business. You can view its website at <http://www.bpn.gov>.

Furthermore, a comprehensive resource for federal procurement can be found by visiting the official U.S. government business website at <http://business.gov/expand/government-contracting/>. Through this website, you can learn what steps you need to take before bidding on federal contracts and much more.

Finding Federal Government Contracts & Subcontracts

The following SBA website contains information on ways to find available contracts:

<http://www.sba.gov/contractingopportunities/owners/pursue/availablecontracts/index.html>.

Business.gov maintains a similar website which can be viewed by visiting the following website: <http://business.gov/expand/government-contracting/opportunities/>.

The following is a breakdown of the some of the main sources of information you should investigate to learn more about business opportunities with the Federal Government as a small company.

Federal Business Opportunities (FBO)

FedBizOpps.gov (<http://www.fbo.gov>) is the single government point-of-entry (GPE) for Federal government procurement opportunities over \$25,000. Government buyers are able to publicize their business opportunities by posting information directly to FedBizOpps via the Internet. Through one portal – FedBizOpps (FBO) – commercial vendors seeking Federal markets for their products and services can search, monitor and retrieve opportunities solicited by the entire Federal contracting community.

Central Contractor Registration (CCR)

The Central Contractor Registration (<http://www.ccr.gov>) is a database that Federal agencies use to learn about prospective vendors. Agencies can search for companies based on any number of factors, including abilities, size, location, experiences, and ownership. It is important to be registered in the CCR and to keep your business profile up-to-date to ensure you do not miss a potential contracting opportunity.

Office of Small and Disadvantaged Business Utilization (OSDBU)

To ensure that small businesses get their fair share of federal contracts, Congress requires federal agencies meet certain contracting goals. For example, federal agencies are required to award 23% of prime contracts to small businesses; 5% of prime and subcontracts to women-owned small businesses; and 3% of prime and subcontracts to service-disabled veteran-owned small businesses. In order to meet these goals, most federal agencies have established an Office of Small and Disadvantaged Business Utilization (OSDBU). The Director of an agency's OSDBU is the primary advocate within the agency for promoting the maximum practicable use of all designated small businesses in the federal procurement process.

The Federal Office of Small and Disadvantaged Business Utilization Directors Interagency Council (OSDBU Council) is an informal organization of federal small business program officials that comes together monthly to exchange and discuss information on promoting small businesses to meet their contracting requirements. You can learn more about the OSDBU Council by visiting its website at <http://www.osdbu.gov>.

If you are interested in contacting a specific federal agency's OSDBU to learn about contracting opportunities with that agency, you can find a list of federal agencies with OSDBU through the OSDBU Council's website at <http://www.osdbu.gov/offices.html>.

USA.gov

USA.gov (<http://www.usa.gov>), the official U.S. gateway to all government information, is the catalyst for a growing electronic government. The website offers easy access to government services for U.S. businesses and provides businesses with tools necessary to secure necessary information about how to get started in pursuing doing business with the federal government.

Through <http://www.usa.gov>, click on the *For Businesses and Non-profits* or go directly to the following link: http://www.usa.gov/Business/Business_Gateway.shtml for more information.

U.S. General Services Administration (GSA) Programs

The U.S. General Services Administration (GSA) provides centralized procurement for the federal government, offering products, services and facilities that federal agencies need to serve the public. GSA offers businesses the opportunity to sell billions of dollars worth of products and services to Federal agencies. You can learn more about GSA by visiting its website at <http://www.gsa.gov>.

GSA uses a variety of contracting vehicles to effectively management procurement for both its own operations and its government customers. Below you will find a brief summary of some of GSA's procurement programs.

Schedules Program

Under the GSA Schedules (also referred to as Multiple Award Schedules and Federal Supply Schedules) Program, GSA establishes long-term government-wide contracts with commercial firms to provide access to over 11 million commercial supplies (products) and services. While the GSA Schedules Program is only one of GSA's procurement vehicles, it is one of the largest programs and the most preferred for commercial products and services.

The MAS Program was designed to provide discount resources to all GSA federal agencies worldwide, as well as state and local governments. When you have a contract with GSA under this program, you may sell to any government agency with just one source instead of having separate contracts with each agency.

More information about Schedules can be found at <http://www.gsa.gov/schedules>.

Indefinite Delivery Indefinite Quantity (IDIQ)

GSA has awarded several Multiple Award IDIQ contracts to procure technical expertise in areas such as cost estimating, architect/engineer services, seismic/structural/blast services, construction management and inspection, general construction, repair and alteration, design-build, demolition and remediation services.

More information about IDIQ's can be found at <http://www.gsa.gov/portal/content/103926>.

Blanket Purchase Agreement (BPA)

A GSA Schedule BPA is an agreement established by a customer with a GSA Schedule contractor to fill repetitive needs for supplies or services (FAR 8.405-3). It simplifies the filling of recurring needs, while leveraging a customer's buying power by taking advantage of quantity discounts, saving administrative time, and reducing paperwork.

More information about BPAs can be found at <http://www.gsa.gov/bpa>.

Government-wide Acquisition Contracts (GWACs)

GSA is also authorized to establish task orders or delivery order contracts for information technology for use by other agencies. These GWACs have unique contracting features and specialized benefits for GSA customers.

More information about GWACs can be found at <http://www.gsa.gov/gwac>

Subcontracting Information**SUB-Net**

Prime contractors use SUB-Net (<http://web.sba.gov/subnet/>) to post subcontracting opportunities. These may or may not be reserved for small businesses, and they may include either solicitations or other notices of sources sought for teaming partners and subcontractors on future contracts. Small businesses can review this website to identify opportunities in their areas of expertise. While the website is designed primarily as a place for large businesses to post solicitations, it is also used by federal agencies, state and local governments, non-profit organizations, colleges, and even foreign governments for the same purpose.

Tech-Net

Tech-Net (<http://tech-net.sba.gov/>) is an electronic gateway of technology information and resources for and about small high tech businesses. It is a search engine for researchers, scientists, state, and federal, and local government officials, and a potential link to investment opportunities and capital. Tech-Net is a free service for those seeking small business partners, business contractors, subcontractors, research partners, and investment opportunities.

Local Resources for Finding & Securing Federal Contracts**Procurement Technical Assistance Centers (PTAC)**

Congress created the Procurement Technical Assistance Center (PTAC) Program in an effort to expand the number of businesses capable of participating in the government marketplace. Under the program, locally operated PTACs provide procurement assistance for area small businesses.

The regional PTAC that serves Carbon, Lackawanna, Luzerne and Monroe Counties is administered by the Northeastern Pennsylvania (NEPA) Alliance. The regional PTAC that serves Columbia County is administered by the SEDA – Council of Governments (SEDA-COG). Both PTAC's provide marketing and technical assistance to qualified companies who wish to bid on government contracts and also work with government agencies to locate suppliers in the region. You can contact the NEPA Alliance and SEDA-COG PTACs at the following contact information:

Northeastern Pennsylvania Alliance (NEPA Alliance)
 Procurement Technical Assistance Center (PTAC)
 1151 Oak Street, Pittston, PA 18640
 Phone: (570) 655-5581 or (866) 758-1929
 Website: <http://www.nepa-alliance.org/ptac/index.htm>
 Karen Ostroskie, Program Manager, Ext. 244 (kostroskie@nepa-alliance.org)
 Pac Eckersley, Program Staff, Ext. 230 (beckersley@nepa-alliance.org)

SEDA – Council of Governments
 Central Pennsylvania Procurement Technical Assistance Center (PTAC)
 201 Furnace Road, Lewisburg, PA 17837
 Phone: (570) 524-4491
 Website: <http://www.seda-cog.org/ptac>
 Robert Brown II, Program Manager (rbrown@seda-cog.org)

Pennsylvania SBDCs Bid Match System

The Pennsylvania SBDCs offer a free Bid Match system, which can help you save significant time and money by matching your individual products and services with government sales leads. Bid Match searches are conducted daily and leads are sent directly to your company via e-mail. Many leads are provided with complete procurement histories referencing competitors, pricing and national stock numbers. This information is useful in determining bid feasibility and identifying competitors. Only companies in Pennsylvania are eligible to participate.

To begin receiving leads from Bid Match at no charge, you need to register through the following website: <http://www.pasbdc.org/index/services/government.asp#bidmatch>.

Preferences for Small Businesses in the Federal Procurement Process

There is no formal certification process for veteran-owned, women-owned and minority-owned small businesses. When you register your business in the CCR, you may self-identify as belonging to one or more of these groups. Business.gov maintains a Small Business Certification information website that can provide additional information about certification. The website's address is <http://business.gov/expand/government-contracting/certification.html>.

In recognition that certain small businesses are at a disadvantage in the federal procurement market place through no fault of their own, Congress has created several programs to level the playing field. The following is a brief description of some of these programs. Further information on these and other SBA preference programs can be found by visiting the SBA's Special Audiences website at <http://www.sba.gov/services/specialaudiences/index.html>.

Historically Underutilized Business (HUB) Zone Program

Small businesses in high-unemployment, low-income areas can receive an economic boost from the HUBZone contracting program. The HUBZone program provides contracting assistance to small businesses located in economically distressed communities, referred to as Historically Underutilized Business Zones, or HUBZones, to promote job growth, capital investment and economic development in these areas, including Indian reservations.

The Program's benefits for HUBZone-certified companies include competitive and sole source contracting, a 10 percent price evaluation preference in full and open contract competitions, as well as subcontracting opportunities. The federal government has a goal of awarding 3 percent of all dollars for federal prime contracts to HUBZone-certified concerns.

For information about the HUBZone program, you should visit <http://www.sba.gov/hubzone>.

To learn if you are eligible to participate in the program, you will first need to determine if you are located in a qualifying area. You can determine this by searching the HUBZone qualifying maps at http://www.sba.gov/hubzone/HUBZONE_MAPS_INTERM.html.

8(a) Business Development Program

The 8(a) Program -- named for Section 8(a) of the Small Business Act -- is a business development program created to help small disadvantaged businesses compete in the market place. It is also designed to assist such companies in gaining access to federal and private procurement markets.

The focus of the program is to provide business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, surety bonding and other management and technical assistance. The goal, however, is to prepare small disadvantaged firms for procurement and other business opportunities.

More information can be found about the 8(a) Business Development Program by visiting <http://www.sba.gov/aboutsba/sbaprograms/8abd/index.html>.

In order to be eligible under the 8(a) program, the applicant firm must be a small business; must be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States; and must demonstrate potential for success.

Generally speaking, socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group. Social disadvantage must stem from circumstances beyond their control. For more information about the 8(a) Business Development Program eligibility requirements, you can visit <http://www.sba.gov/aboutsba/sbaprograms/8abd/faqs/index.html> or contact your local SBDC or SCORE office.

Womenbiz.gov

<http://www.womenbiz.gov/> is one of the best ways to find out about procurement opportunities available to women-owned business. The website is organized to target the five specific stages that a woman business owner should go through as she begins to explore whether the federal government is the right customer for her. This site serves as the electronic gateway for all information relevant to women-owned businesses.

The SBA will soon be implementing a special procurement program for women. You can learn more by visiting http://www.sba.gov/aboutsba/sbaprograms/gc/gc_women_procurement.html.

Contracting services for women are also provided through your local SBDC, SCORE and WBC.

Vetbiz.gov

With specific regards to procurement opportunities for veteran-owned businesses, you should visit <http://www.vetbiz.gov/>. Vetbiz.gov serves as the electronic gateway for federal procurement opportunities directed toward small businesses principally owned by veterans.

<http://www.sba.gov/aboutsba/sbaprograms/ovbd/external/index.html> is a website maintained by the SBA that provides a summary of additional resources specifically for veterans.

Contracting services for veterans are also offered through your local SBDC, SCORE or VBOC.

TAXES, INSURANCE, AND LEGAL STRUCTURE

Note: The information contained in this section is for informational purposes only. You should contact the appropriate sources for more detailed information on issues of taxation, insurance, and business structure.

State and Federal Tax Requirements

Understanding tax requirements is a necessary aspect of all businesses. As you may expect, various taxes are imposed upon individuals, employers, businesses and certain products – the taxes for which any business enterprise is liable depend on the type and structure of that business.

For state tax-related problems, the Pennsylvania Business Resource Network can expedite state tax problems with the Department of Revenue. You should call (717) 783-5700 to gain a better understanding of Pennsylvania taxation issues.

At the federal level, the Internal Revenue Service (IRS) can provide you with a free tax kit and offers free tax workshops. Congressman Kanjorski's office can provide you with a kit or you can call the IRS directly at (800) 829-4933. You should review the tax information on the IRS's Small Business and Self-Employed Tax Center website at <http://www.irs.gov/businesses/small/index.html>.

In addition, through the **Small Business Tax Assistance Initiative**, SBA works with the IRS to host a tax information web site for small businesses. Information covers such topics as simplified tax rules for small businesses, IRS forms, and IRS Problem Solving Days. You can learn more about this initiative by visiting the program's website at <http://www.irs.gov/newsroom/article/0,,id=152009,00.html>.

Business Insurance

Similar to home insurance, business insurance protects the contents of your business against fire, theft, and other losses. It is prudent for any business to purchase a number of basic types of insurance. Some types of coverage are required by law, others simply make good business sense. The types of insurance listed below are among the most commonly used and are merely a starting point for evaluating the needs of your business. For more information contact your insurance agent or broker.

Types of Insurance

Liability: The business must be analyzed for insurance rates involving this type of insurance. This insurance is used when customers suffer from the damage of one of the products from your business.

Property: This type of insurance comes in different forms to meet the needs of the business owner. It is important to determine what kind of insurance you need in order to keep your business running.

Business Interruption: If there are damages to a business this insurance will cover the costs the business normally has while it recovers from the damages.

“Key Man”: If the owner is critical to the operation of the business, then this insurance can be used to cover cost of running the company if there is a transition.

Automobile: This insurance can be taken out on a car either if it is your own personal vehicle or if it is one for the company, to cover the costs if it is damaged.

Officer and Director: This policy oversees the actions of the directors. This insurance would make them liable for their actions on behalf of the company.

Home Office: If the business is at home, make sure that the home insurance policy is updated so that it will include the business as well. Surprisingly, office equipment, supply, etc. for the business are not covered in homeowner's insurance policies.

Legal Structure

There are many forms of legal structure you may choose for your business. The most common structures are: Sole Proprietorships, General and Limited Partnerships, C and S Corporations, and Limited Liability Companies. Each legal structure offers organizations options, which are appropriate for different personal situations and affect tax and liability status. It is important to research each legal structure carefully and consult a tax accountant and/or attorney prior to making decisions. You can first start by contacting the local SBA office and you will be referred to the proper source or you can access <http://www.business.gov/business-law/> to state and local resources.

Types of Legal Structures

Sole Proprietorship: One person, the entrepreneur, owns the entire business. Profits made from the business are taxed as personal income and typically lower than corporation taxes. This type of proprietorship calls for a business permit from the county clerk's office and experiences very little government regulation.

General partnership: Two or more people join together to operate a business. A formal agreement is highly recommended amongst the owners in the event of a future conflict. Taxes vary between the owners based on what percentage of the company they each own. The business must also be registered with the county government.

Limited partnership: An agreement made by two or more people but each has two categories of partners. A *general partner* is one who does not have limitations on the amount of dividends they can receive, dissolve the partnership. A *limited partner* only receives a share of the profit that is

prorated based on their investment in the company.

"C" Corporation: A complex business agreement that is legally recognized as a corporation that is its own entity having its own rights, privileges, and liabilities apart from those that form the corporation. There are three groups of people in this type of corporation: shareholders, directors, and officers. "C" Corporations are subject to more government due to the small amount of involvement that is required on the part of the owners.

Subchapter "S" Corporation: In order to qualify as this type of corporation, the business must meet certain requirements determined by the IRS. If those requirements are met, the corporation can be taxed as a partnership or sole proprietorship.

Limited Liability Companies (LLC) and Limited Liability Partnerships (LLP): LLC combines corporate and partnership aspects of ownership. LLP is similar to LLC but targets professional organizations.

ADDITIONAL SMALL BUSINESS RESOURCES & PROGRAMS

U.S. Department of Agriculture's Rural Development Programs

Congress established the U.S. Department of Agriculture's (USDA) Rural Development programs in an effort to increase economic and community development opportunities in traditionally underserved rural communities. Among many other activities, USDA Rural Development promotes economic development by supporting loans to businesses through banks and community-managed lending pools. Rural Development also offers technical assistance and information to help agricultural and other cooperatives get started and improve the effectiveness of their member services.

Although small business owners should review all of the services provided by USDA Rural Development, entrepreneurs in rural areas may be particularly interested in the Department's Business Programs, specifically the Business and Industry (B&I) Guaranteed Loans program. B&I loan guarantees can be extended to loans made by recognized commercial lenders or other authorized lenders in rural areas (this includes all areas other than cities or towns with a population greater than 50,000 people and the urbanized area contiguous to such city or town).

Interested entrepreneurs should visit <http://www.rurdev.usda.gov/> for more information. For specific details on the B&I Loan program and information on all USDA Rural Development programs, you should <http://www.rurdev.usda.gov/rd/pubs/factsheets.html>.

U.S. Economic Development Administration

The mission of the U.S. Economic Development Administration (EDA) is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy.

EDA's Investment Programs include Public Works, Economic Adjustment, Community Trade Adjustment Assistance, Partnership Planning, Trade Adjustment Assistance for Firms, Global Climate Change Mitigation Incentive Fund, University Centers, Research and National Technical Assistance and Local Technical Assistance.

For more information about EDA and its programs, you should visit its website at <http://www.eda.gov> or contact its Philadelphia Regional Office at the following contact information:

<p style="text-align: center;"><u>Philadelphia Regional Office</u> U.S. Economic Development Administration The Curtis Center, Suite 140 South 601 Walnut Street Philadelphia, PA 19106 Phone: (215) 597-4603 Fax: (215) 597-1063</p>
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Appalachian Regional Commission (ARC)

The Appalachian Regional Commission (ARC) is a specialized regional economic development agency established by Congress to promote economic and community development in the

Appalachian region. Generally speaking, ARC utilizes funding provided by Congress to increase job opportunities, enhance the Appalachian economy, provide technical assistance and improve the Appalachian infrastructure. For more information about ARC and its programs, you can visit <http://www.arc.gov> and http://www.arc.gov/program_areas/index.asp.

Federal Home Loan Banks (FHLBanks)

The Federal Home Loan Banks (FHLBanks) are 12 regional cooperative banks that U.S. lending institutions use to finance housing and economic development project in local communities. Created by Congress, FHLBanks have been the largest source of funding for community lending for eight decades. The FHLBank located in Pittsburgh services the Commonwealth of Pennsylvania.

The FHLBank Pittsburgh administers the Banking on Business Program. Banks are sometimes unable to lend money to small businesses — especially start-ups — that lack sufficient equity or cash flow. But with FHLBank Pittsburgh's Banking On Business (BOB) program to make these deals more bankable, financial institutions are more willing to provide loans.

Delivered through member financial institutions, BOB funding helps eligible small businesses with start-up and expansion. Each BOB dollar FHLBank contributes will likely leverage an additional \$6 in financial resources to small businesses in the region, thereby creating or retaining jobs and improving local communities.

For more information about the FHLBank Pittsburgh and its programs, you can visit <http://www.fhlb-pgh.com>. Further details on the Bank on Business Program can be found at <http://www.fhlb-pgh.com/housing-and-community/programs/banking-on-business.html>.

Commonwealth of Pennsylvania Resources

Pennsylvania Department of Community and Development

The Commonwealth of Pennsylvania, through the Department of Economic and Community Development, has developed an information packet on the business financing programs it administers. This packet contains a brief summary of each of the Commonwealth's financing programs, which are designed to assist businesses in their efforts to grow and thrive in Pennsylvania. You can access a copy of this packet online at <http://www.newpa.com>.

Ben Franklin Technology Partners

The Ben Franklin Technology Partners (BFTP) is an initiative of the Pennsylvania Department of Community and Economic Development. The goal of the initiative is to accelerate technology development and commercialization in the state of Pennsylvania and to create high-paying sustainable jobs for Pennsylvanians. BFTP works to provide access to capital, knowledge and networks. For more information, you can visit <http://benfranklin.org/>.

Local Resources in Northeastern Pennsylvania

The following is a brief summary of some of the resources available to current and prospective business owners in Northeastern Pennsylvania.

Northeastern Pennsylvania (NEPA) Alliance

The Northeastern Pennsylvania (NEPA) Alliance one of seven sub-state regional agencies that help to coordinate economic development activities in the Commonwealth of Pennsylvania. The

Alliance's seven county region is composed of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne counties. The Alliance is a public private sector partnership with representation from government and non-governmental private sector organizations. For more information about NEPA Alliance and its programs, you can visit <http://www.nepa-alliance.org>.

SEDA-Council of Governments (SEDA-COG)

SEDA-Council of Governments (SEDA-COG) is another sub-state regional agency that serves Northeastern Pennsylvania. The organization is a direct service provider and a link to other resources that can be applied to a wide range of community and economic needs. Columbia County is the only county from the 11th Congressional District that is a SEDA-COG member, but many of SEDA-COG's initiatives reach throughout Northeastern and Central Pennsylvania. For more information about SEDA-COG and its programs, you can visit its website at <http://www.seda-cog.org/Pages/Home.aspx>.

Greater Hazleton CAN DO, Inc.,

CAN DO, Inc., based in Hazleton, has years of experience in supporting the business community in the Greater Hazleton area. CAN DO can provide prospective or current business operators with information on available sites in the Hazleton area. For more information about CAN DO and its programs, you can visit its website at <http://www.hazletoncando.com/>.

Northeastern Pennsylvania Industrial Resource Center (NEPIRC)

The Northeastern Pennsylvania Industrial Resource Center (NEPIRC) is in the business of helping small and medium sized manufacturers by providing them with access to cutting edge technologies and innovative business information. For more information about NEPIRC and its programs, you can visit its website at <http://www.nepirc.org/>.

Rural Enterprise Development Corporation

Rural Enterprise Development Corporation (REDC) is a non-profit initiative providing educational, technical and financial assistance to entrepreneurs. REDC is a Community Development Financial Institution (CDFI) certified by the U.S. Treasury Department. For more information about REDC and its programs, you can visit <http://www.redc-leap.org/index.html>.

Greater Susquehanna Keystone Innovation Zone (GSKIZ)

The Greater Susquehanna Keystone Innovation Zone (GSKIZ) is able to provide business assistance to businesses who locate within its Innovation Zone, which is the Danville, Lewisburg/Montandon, Bloomsburg and Selinsgrove areas of Pennsylvania. For more information about GSKIZ and its programs, you can visit <http://www.gskiz.org/about.html>.

Strategic Early Warning Network (SEWN)

In 1993, the State of Pennsylvania charged the Steel Valley Authority with developing a Strategic Early Warning Network (SEWN) to help save area companies and jobs. SEWN provides a wide variety of professional and consulting services at no charge to help save jobs. More specifically SEWN works to address company's critical problems through financial restructuring, buyouts, succession planning and ownership transition, labor management relations and operations and cost management. For more about SEWN and its programs, you can visit <http://www.steelvalley.org/index.asp>.

Local Chambers of Commerce

Northeastern Pennsylvania is home to several dedicated chambers of commerce. Prospective and current small business owners should reach out to the chambers in their areas to gain a better understanding of the local resources that may be available to them. The following is a listing of the main chambers of commerce in Northeastern Pennsylvania:

Carbon County

<u>Jim Thorpe Chamber of Commerce</u> PO Box 164, Jim Thorpe, PA 18229 Phone: (570) 325-5810 info@jimthorpe.org http://www.jimthorpe.org/	<u>Palmerton Area Chamber of Commerce</u> 410 Delaware Avenue, PO Box 214 Palmerton, PA 18071 Phone: (610) 379-0130 http://www.palmertonpa.com/chamber/
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Columbia County

<u>Berwick Area Chamber of Commerce</u> 206 Mulberry Street, Berwick, PA 18603 Phone: (570) 752-3601 / Fax: (570) 752-3602 http://www.berwickpa.org/	<u>Columbia-Montour Chamber of Commerce</u> 238 Market Street, Bloomsburg, PA 17815 Phone: (570) 784-2522 / Fax: (570) 784-2661 http://www.bloomsburg.org/
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Luzerne County

<u>Greater Hazleton Chamber of Commerce</u> Citiscape, 20 W. Broad Street Hazleton, PA 18201 Phone: (570) 455-1509 / Fax: (570) 450-2013 http://www.hazletonchamber.org/	<u>Nanticoke Chamber of Commerce</u> Market Street Plaza Nanticoke, Pennsylvania 18634 Phone: (570) 735-6990 / Fax: (570) 735-6951 http://www.nanticokepa.com/
<u>Pittston Area Chamber of Commerce</u> 7 South Main Street, Pittston, Pa. 18640 Phone: (570) 655-1424 / Fax: (570) 655-0336 http://www.pittstonchamber.org/	<u>Greater Wilkes-Barre Chamber of Business and Industry</u> Two Public Square, Wilkes-Barre, PA 18710 Phone: (570) 823-2101 / Fax: (570) 822-5951 http://www.wilkes-barre.org
<u>South Valley Chamber of Commerce</u> Mill House, 495 East Main Street Nanticoke, PA 18634 Phone: (570) 735-6690	

Lackawanna County

<u>The Greater Scranton Area Chamber of Commerce</u> 222 Mulberry Street Box 431, Scranton, PA 18505 Phone: (570) 342-7711 / Fax: (570) 347-6262 http://www.scrantonchamber.com/

Monroe County

<u>Pocono Mountain Chamber of Commerce</u> 556 Main Street, Stroudsburg, PA, 18360 Phone: (570) 421-4433 / Fax: (570) 424-7281 http://www.poconochamber.net/

TAX INCENTIVES

Keystone Opportunity Zones

The Commonwealth of Pennsylvania has developed an innovative tax incentive program, the Keystone Opportunity Zone (KOZ) program, designed to attract businesses to economically distressed areas. The program essentially eliminates state and local taxes within specific underdeveloped and underutilized areas in an effort to promote business development and economic growth.

Keystone Opportunity Zones are defined-parcel-specific areas with greatly reduced or no tax burden for property owners, residents and businesses. KOZ have been designated by local communities and approved by the state - they are, in fact, a partnership between each community and region among state and local taxing bodies, school districts, economic development agencies and community-based organizations.

Northeastern Pennsylvania is home to several KOZs. You can locate KOZ in the counties of the 11th Congressional District through the following contact information. You should also visit the program's website at <http://www.newpa.com/> to learn more about how this program can assist you in the development of your small business. The following page contains contact information for the counties in the 11th Congressional District.

KOZ Contact Information

Luzerne & Lackawanna Counties

Mr. Lee Namey, Zone
Coordinator
Redevelopment Authority
of Luzerne County
Suite #210
16 Luzerne Avenue
West Pittston, PA 18643
(voice) 570-655-3329
(fax) 570-655-3287
lcrammt@epix.net

Columbia County

Mr. Jerry Bohinski, Chief
Economic Development Program
SEDA-COG
201 Furnace Road
Lewisburg, PA 17837
(voice) 570-524-4491
(fax) 570-524-9190
bohinski@seda-cog.org

Monroe County

Erin Radecsky
Lehigh Valley Economic Development
Corporation (LVEDC)
2158 Avenue C
Suite 200
Bethlehem, PA 18017
(voice) 610-266-7609
jsmith@lehighvalley.org

Carbon County

Mark Scarbinsky, Director
Office of Economic Development
401 North Second Street
Pottsville, PA 17901
(voice) 570-628-1167
(fax) 570-628-1210
mjscarbinsky@co.schuylkill.pa.us

New Markets Tax Credits

During the 106th Congress, Congressman Kanjorski worked hard to enact legislation that uses federal tax credits and loan guarantees, known as the New Markets Tax Credit (NMTC) program, to spur a massive amount of new private investment and create good-paying jobs in economically distressed areas. The hope for the NMTC is that it will generate \$15 billion in new investment capital over a seven-year period from private companies and individual investments for businesses in low- and moderate-income communities. Increasing the flow of private capital into low-income areas is the primary objective of the NMTC program. The investment capital generated through the program will give businesses in under-served communities the ability to weather temporary economic downturns and to expand in economic upturns. Investors in the program's Community Development Entities (CDEs) will receive a credit against their federal income taxes that may reach as high as 39 percent over the seven-year period.

The Treasury Department's Community Development Financial Institutions (CDFI) Fund and the Internal Revenue Service (IRS) administer the NMTC program. Organizations, once certified by the Treasury Department as Community Development Entities (CDEs), will apply to the CDFI Fund for an allocation of NMTCs. The credits will be awarded competitively based on a CDE's performance, accountability, and record of success in providing assistance to disadvantaged businesses or communities. Once a CDE secures an allocation of credits, it will use those credits to attract Qualified Equity Investments from individual or corporate taxpayers.

Congressman Kanjorski's office can provide you will additional information on this program and CDE's upon request but you can learn more by visiting the following websites:

U.S. Department of the Treasury

<http://www.ustreas.gov>

U.S. Department of the Treasury, Office of Small and Disadvantaged Business Utilization

<http://www.ustreas.gov/offices/management/dcfo/osdbu/>

U.S. Department of the Treasury, Community Development Financial Institution Fund

<http://www.cdfifund.gov>

About the CDFI Fund

[http://www.cdfifund.gov/who we are/about us.asp](http://www.cdfifund.gov/who_we_are/about_us.asp)

Overview of the CDFI Fund and Programs

[http://www.cdfifund.gov/what we do/overview.asp](http://www.cdfifund.gov/what_we_do/overview.asp)