



Small Business Development Center

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**DOING BUSINESS IN THE
ROGUE VALLEY**

RULES AND REGULATIONS: Due to ever changing laws and regulations, please do not take this list as the ultimate authority/listing of regulating agencies. It is your responsibility to contact the primary state agency and your local planning office, etc., for current regulations.

1. **REGISTRATION OF ASSUMED BUSINESS NAME: Fee is \$50.** If the name of your business is the same as on legal documents (such as listed on your birth certificate, marriage certificate, etc.) plus some words that describe your business, than you don't have to register the name with the state, providing you do not use words such as LLC, "Co." or "Company", which infer other ownership. However, your bank may require you do so prior to opening a business account with them. Any person who conducts a business which is identified by an assumed business name, must register this name with the State of Oregon, Corporation Division, 255 Capitol Street NE, Suite 151, Salem, OR 97310. You may call (503) 986-2200 to determine if the name you wish to use is available—or *search the Secretary of State Business Registry Database* on the link listed below. As the Corporation Division does not automatically acknowledge applications, it is advisable to make a copy of your request prior to submission and then calling in approximately seven days to obtain your registration number. To access forms or the Business Registry forms on line go to the Corporation Division's web site:

<http://www.filinginoregon.com>

There are two Web sites to check for licensing requirements:

<http://www.filinginoregon.com>

<http://licenseinfo.oregon.gov>

To also download the latest copy of the *Oregon Business Guide* go to the forms and publication section of

www.filinginoregon.com

2. **STATE OCCUPATIONAL PERMITS AND LICENSES:** Certain professions, businesses, and occupations require licenses or permits to be filed with the state regulating agency. A complete listing is available from the Small Business Development Center., or call the Corporation Division at (503) 986-2220 or (503) 986-2200 #8. Additional information is available on the Internet:

<http://www.filinginoregon.com>

3. **DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ):** 522 SW 5th Avenue, Portland, OR 97502. 1-800-452-4011, 229-5696, or 229-5630. www.oregon.gov/deg

Information on permits and requirements regarding air and water pollution control, hazardous waste disposal, liquid and solid waste disposal. Local contact agency: Department of Environmental Health. 471-2850.



U.S. Small Business Administration



LOCAL INFORMATION

4. **ZONING REQUIREMENTS:** Be sure your business location is in the proper land use zone by verifying the legal description of the property where you plan to do business with the local planning office. All home occupations are regulated in Southern Oregon. Check with the proper planning office for requirements, some of which are listed below.:
- Josephine County 474-5421 www.co.josephine.or.us
 - Jackson County 776-7554 www.co.jackson.or.us
 - City of Grants Pass 474-6355 www.ci.grants-pass.or.us
 - City of Cave Junction 592-2156
 - City of Rogue River 582-4401
 - City of Medford 774-2380 www.ci.medford.or.us
 - City of Ashland 482-3211 www.ashland.or.us
 - City of Central Point 664-3321 www.ci.central-point.or.us
5. **CITIES BUSINESS LICENSES:** Required if you are physically marketing your product or service or if you business is physically located within the limits of an incorporated city. Contact the city offices of the location in which you intend to do business. Following is a listing of larger incorporated cities in Southern Oregon. In addition, check with the city offices of smaller incorporated cities in the area, some of which are listed below:
- City of Grants Pass 474-6365 www.ci.grants-pass.or.us
 - City of Cave Junction 592-2156
 - City of Rogue River 582-4401
 - City of Medford 770-4490 www.ci.medford.or.us
 - City of Ashland 482-3211 www.ashland.or.us
 - City of Cave Junction 592-2156
 - City of Central Point 664-3321
6. **SIGN ORDINANCES:** Both City and County regulating agencies have sign ordinances. Check with the appropriate agency listed above to determine the ordinance for your area.
7. **PERSONAL PROPERTY TAX:** Assessor's Office of the county in which your business is physically located. Tax is assessed on all equipment, supplies, leased equipment, business libraries, non-inventories supplies, etc. Tax is normally based on the rate upon which you pay real estate property taxes. **It is your responsibility to contact the Tax Assessor office (there is a heavy fine for not doing so)** Call them at (541) 474-5260 in Josephine County or check your local telephone book for other counties. You are not taxed on the first \$14,000, but you need to set up your account. www.co.josephine.or.us
8. **DOING BUSINESS ON STREETS, SIDEWALKS, OR PARKING LOTS:** Contact the city agencies listed previously for permit requirements.
9. **PEDDLER'S PERMIT:** Required for the distribution of flyers to advertise your business. Keep in mind, however, if you just randomly place flyers on vehicles, you could be subject to a \$500 littering fine for every one that is thrown on the ground.
10. **RESTAURANTS AND FOOD SALES:** These businesses are regulated by the Department of Environmental Health in the county in which you business is physically located:
- Josephine County 474-5325 714 NW A Street, Grants Pass www.co.josephine.or.us
 - Jackson County 774-8206 1000 E Main, Medford www.co.jackson.or.us

11. HOME KITCHEN LICENSING: Contact the Department of Agriculture for the agent nearest you:
* 1-503-986-4550 www.oregon.gov/oda
12. DAY CARE AND PRESCHOOL LICENSING: Check the following agencies for the latest information:
 - Day care: 1-503-947-1400 or 1-800-556-6616
<http://egov.oregon.gov/EMPLOY/CCD/index.shtml>
 - Preschool: 1-503-947-5677 <http://www.ode.state.or.us>
13. FOOD PREPARATION EQUIPMENT: If you prepare food using any heat-generating device, contact the Fire Marshall in your area to determine if inspection is required. This applies to portable food vending carts and temporary sites as well as to permanent locations.
14. HOTELS AND MOTELS: Are subject to Transient Lodging Tax through your local Finance Department. Inspection and licensing is also required.
15. DEALING IN SECOND-HAND MERCHANDISE: Those dealing in second-hand merchandise are required to report transactions to the local law enforcement agency. Contact your local law enforcement agency for requirements.
16. PARTNERSHIPS: If you are planning on doing business as a partnership, you will need to file a form SS-4 with the IRS to have a number issued that will tie your income tax returns together.
17. SUBCONTRACTORS: If you will be subcontracting your services to another and will be issued a 1099, it is also necessary to file form SS-4 to obtain an identification number. Download from <http://www.irs.gov>
18. LEGAL CONSIDERATIONS: We suggest the assistance of an attorney to help formalize any legal agreements. For help in locating an attorney contact the State Bar Association 1-800-452-8260. www.osbar.org
19. INCOME TAXES: Download "Tax Guide for Small Business" Publication 334 from www.irs.gov, where a wealth of additional information is available.

ADDITIONAL INFORMATION:

20. TRADE AND SERVICE MARKS/COPYRIGHTS: A person or entity using a trade or service mark in Oregon may, but is not required to, register the mark with the state. "Trade Mark" is any word, name, symbol, device, or any combination thereof adopted and used by a person to identify goods made or sold by the person and to distinguish them from goods made or sold by others. "Service Mark" means any word, name, symbol, device, or any combination thereof used by a person's service and to distinguish them from services of others. In order to be registered in the State of Oregon, a mark must first be used. It is use, rather than registration, that can create property rights. Trade and service marks are also governed by federal law. Download the forms from the corporation Division: www.filinginoregon.com/forms. For the federal Patent and Trade Mark Office go to www.uspto.gov
To access the Library of Congress for copyright information: www.copyright.gov
21. SOURCES OF SUPPLY: To purchase products wholesale you will need to have an assumed business name number. Supply sources will request you provide them with a resale number; however, as of this printing, there is no sales tax in the state of Oregon. Your assumed business name number will suffice. .
22. EMPLOYER INFORMATION PACKET: Ask us for our employer information packet if you are planning on hiring. Information may be obtained at <http://www.dor.state.or.us> and www.irs.gov
23. LIABILITY INSURANCE & BONDING: Certain types of businesses are required to carry a minimum of coverage to comply with certification standards. Manufacturers should be concerned with product liability insurance. Check with a business insurance agency.

24. **CONTRACTORS:** Any Contractor required to register with the Construction Contractors' Board is required to take sixteen hours of business management instruction and pass a test prior to registration. Ask for our listing of approved Construction Contractors' Board classes. Helpful information is also available at the CCB web site: www.oregon.gov/ccb
25. **PERMIT AND REGULATORY ASSISTANCE:** Many occupations, businesses and business activities require special licenses, permits or certification from state government agencies. To determine state licenses that may apply to your business visit www.filinginoregon.gov
27. **BUSINESS RETENTION SERVICE:** This service provides technical assistance to transition companies in traded-sector industries, primarily manufacturing and processing. The goal is to help managers and owners solve problems before they result in closures or major layoffs. For more information visit <http://www.oregon4biz.com/brs.htm>
26. **OREGON DOWNTOWN DEVELOPMENT ASSOCIATION (ODDA):** Since 1982 the Oregon Downtown Development Association has been working to revitalize and to maintain the heritage and economic health of Oregon's downtowns and older business districts. ODDA promotes comprehensive downtown management through an extensive network of expertise, professional services and local partners. Among other activities, ODDA provides training and technical assistance in business district organization, building rehabilitation and adaptive use, public improvements, retail market analysis, retail expansion and recruitment, special events, image promotions and retail standards. For more information visit: <http://www.odda.org>
27. **SMALL BUSINESS INTERNATIONAL TRADE PROGRAM:** The mission of this program is to assist small businesses in becoming active in international trade. The program offers workshops, seminars, classes, counseling, referral and other services. For more information contact the Portland Community College SBDC, 2025 Lloyd Center, Portland, OR 97232, 503-978-5080. tlowles@pcc.edu
28. **OREGON VENDOR INFORMATION PROGRAM & SMALL BUSINESS ADMINISTRATION GOVERNMENT CONTRACTS:** Government agencies are seeking vendors for construction, products, services, and professional services. These web sites provide information regarding agency contacts, purchasing history, and much more.
- **THE VENDOR INFORMATION PROGRAM:** www.ORPIN.oregon.gov
 - **SBA HUB-ZONE, PRO-NET AND GOVERNMENT CONTRACTING:** Businesses located in a federally designated Hub-Zone have an advantage when bidding on government contracts—all of Josephine County and a portion of Jackson County qualifies! <http://www.sba.gov>
29. **GOVERNMENT CONTRACT ACQUISITION PROGRAM (GCAP):** GCAP provides a computer matching service that automatically matches a business with related federal bidding opportunities on a daily basis. For example, if an Oregon business manufactures a particular product or provides a service, the GCAP bid-matching service would let the company know every time a contract opportunity comes up from any federal agency in the country. Other potential contract sources are also searched out, including international, state, and local government opportunities.
- Through computer searches, GCAP can locate every buying agency nationwide that would purchase the product or service of a particular company. GCAP then automatically generates forms to place that company on the agency's solicitation mailing list. This will ensure that the business receives information about the procurement opportunities for its product or service. For more information contact visit <http://www.gcap.org>
30. **OFFICE OF MINORITY, WOMEN AND EMERGING SMALL BUSINESS (OMWESB):** The OMWESB certifies minority/women owned and emerging small businesses, allowing their participation in the State of Oregon's targeted purchasing programs. For more information visit www.egov.oregon.gov/DCBS/OMWESB

31. **SMALL BUSINESS INNOVATION RESEARCH PROGRAM (SBIR):** The SBIR program provides grants from federal agencies for early-stage research and development activities for young or start-up high tech firms in electronics or other areas. For pre-solicitation announcements or further information contact the U.S. Small Business Administration www.sba.gov
32. **OREGON MANUFACTURING EXTENSION PARTNERSHIP:** Services to help manufacturers be more profitable. Contact <http://www.omep.org>

Basic Business Structure Information

You may operate a business by yourself (sole proprietorship), with another person (general partnership), or as a separate legal entity (corporation, limited liability company, or limited partnership). The following may help you decide which form you choose. The SBDC recommends you consult an attorney and a CPA when determining the best form of business structure for you. Forms may be obtained at the Secretary of State link: <http://www.filinginoregon.com>

SOLE PROPRIETORSHIP:

A sole proprietorship is the simplest form of business structure where an individual conducts the business. If the name of the owner is not conspicuously disclosed to the public, the business name must be registered with the Corporation Division Business Registry. This allows the public to know with whom they are doing business. A copy of the Assumed Business Registration form is included at the end of this packet. To engage in certain professions and occupations, you must comply with specific licensing requirements of other state agencies, as explained at the beginning of this packet.

GENERAL PARTNERSHIP:

A general partnership is an association of two or more persons doing business. All partners are personally liable for the obligations of the partnership. A general partnership does not have to be registered with the Corporation Division Business Registry unless it uses an assumed business name. However, if the name of each general partner is not conspicuously disclosed to the public, the name must be registered. The registration allows the public to know with whom they are doing business. To engage in certain professions and occupations, you must comply with specific licensing requirements of other state agencies, as in a sole-proprietorship. ORS Chapter 68 governs general partnerships.

LIMITED PARTNERSHIP (domestic and foreign):

A limited partnership consists of at least one general partner and one limited partner. The general partners control the business and are liable for debts and obligations of the partnership. A limited partner is similar to a shareholder in a corporation because that person's liability generally is limited to the amount of contribution to the partnership.

Each limited partnership must have a registered agent in Oregon whose street address is the registered office. If one wishes to sue a limited partnership, the legal papers are served on the registered agent. Thus, it is necessary that the registered office have a street address. A registered agent can be a person or a corporation.

Limited partnerships formed under Oregon laws are called "domestic" limited partnerships. A domestic limited partnership must submit its certificate of limited partnership and a fee to the Corporation Division Business Registry.

Limited partnerships formed under the laws of other states are "foreign" limited partnerships. A foreign limited partnership must submit an application and a fee to the Corporation Division Business Registry.

Before a certificate of limited partnership can be filed, the name must be distinguishable from other active business names on the Business Registry records. If the certificate conforms to statutory requirements, the Corporation Division Business

Registry will return an acknowledgment indicating the date the limited partnership was registered. The Limited Partnership Act is in ORS Chapter 70. Forms for limited partnerships filing can be obtained from the Corporation Division Business Registry.

CORPORATION:

A corporation is a legal entity created under Oregon laws by filing articles of incorporation with the Corporation Division Business Registry. Its shareholders who are sometimes referred to as equity owners own a corporation. The articles of incorporation must state how many shares the corporation has authority to issue.

The corporation acts as a single entity. It exists separately from its owners. It continues to exist even though the shareholders change. As a separate entity, the corporation must file its own tax returns. It may own property, sue and be sued.

A board of directors manages a corporation. Except for the initial board, the corporate shareholders generally select the directors. The articles of incorporation or the bylaws determine the number of directors. The directors must elect the president and secretary and also adopt bylaws. The board may elect or appoint other officers, or the bylaws may prescribe how other officers are selected. The same person can hold two or more offices.

Each corporation must have a registered agent in Oregon whose street address is the registered office. If one wishes to sue a corporation, the legal papers are served on the registered agent. Thus, it is necessary that the registered office have a street address. A registered agent can be a person or a corporation.

Corporations formed under Oregon laws are called "domestic" corporations. Those formed under the laws of other states, but which transact business in Oregon, are "foreign" corporations. The Oregon Business Corporation Act, ORS Chapter 60, regulates domestic and foreign business corporations.

- The corporation Board of Directors must formally adopt and approve everything that is done, except day to day activities
- Schedule meetings must be held
- Formal records of each meeting must be maintained
- Owners become an employee of the company
- S Corporations are taxed as a partnership
- You must notify the IRS if your corporation is going to be an S Corp. Use Form 2553. The election needs shareholder approval.
- Must adopt formal by—laws
- You issue stock in the company

Records You Must Keep:

1. Cash in the bank
2. Accounts receivable
3. Notes receivable
4. Inventory
5. Prepaid expenses, such as insurance
6. Deposits
7. Cars and other vehicles
8. Plan equipment & machinery
9. Office equipment and computers
10. Buildings
11. Land

Incorporating an Existing Business

1. The corporation takes the place of the existing business and formally adopts all contracts. May have to void old contracts and enter into new ones
2. The old business ceases to exist.
3. Your corporation becomes a total new entity
4. You must sell your business to the new corporation. The corporation pays you with its stock.
5. You must formally dissolve the old business and regain ownership of the property. You can keep or transfer the property to the corporation. You can lease the property to the corporation to retain control.

Domestic Business Corporation:

To form a domestic business corporation in Oregon, you must submit articles of incorporation and pay a fee to the Corporation Division Business Registry, who has a form for this purpose. Before articles of incorporation can be filed, the name must be distinguishable from other active names on the Business Registry records. If the articles conform to statutory requirements, the Corporation Division Business Registry returns an acknowledgment of the articles indicating the date the corporate existence begins.

Once the corporation existence is established, an organizational meeting of the board of directors generally is held to adopt bylaws and elect officers. The bylaws of the corporation may contain any provisions to regulate and manage the affairs of the corporation consistent with statutes or the articles of incorporation.

Foreign Business Corporation:

A foreign business corporation must obtain authority from the Corporation Division Business Registry to transact business in Oregon. It must submit the application, including the name and address of its Oregon registered agent, and a fee to the Corporation Division Business Registry. An original certificate of existence or similar document from the jurisdiction of incorporation must be submitted at the same time. The certificate or similar document must be dated within 60 days of the date of the application. If the application conforms to Oregon law, the authorization will be granted.

LIMITED LIABILITY COMPANY:

A Limited Liability Company (LLC) is rapidly becoming the preferred form of business structure for privately held businesses. Like a corporation, it shields the owners from personal responsibility for the obligations of the business, including personal injury claims. In most instances, a creditor of the business can reach only the assets of the business, not personal assets. In general LLCs are financially responsible for the personal injury caused by the negligence of the employees; however, with an LLC this type of liability limits personal risk. Although a LLC will protect business owners from acts of other employees, it does not protect against liability for one's own negligence. Even if the owner is not involved in creating a hazard, a claimant may assert he or she was negligent in supervising the employee who caused the injury. A company's general liability insurance will provide such protection, however. In a LLC personal out-of-pocket exposure is limited to the amount of the investment in the company. The entire business and all the value that has accumulated may be lost, however, to satisfy a personal injury claim.

In Oregon Limited Liability Companies can be formed with only one person. Converting an existing business to a limited liability company can trigger tax or appreciated assets. Tax return preparation for a limited liability company is usually more costly than for a sole proprietorship. Organization costs usually are about twice the cost of forming a corporation; however, a limited liability company often offers the best combination of tax and limited liability features, especially for newly formed businesses.

In Oregon "Limited liability company" or "domestic limited liability company" means an entity that is an unincorporated association having one or more members that is organized under this chapter. Most other states state that a Limited Liability Company is an unincorporated association having two or more members. Managers or members can manage the LLC. Managers can, be but are not required to be, members. The internal affairs are governed by Operating Agreements (can have more than one), which may be oral or written. These compare to the by laws of a corporation.

Each Limited Liability Company must have a registered agent in Oregon whose street address is the registered office. If one wishes to sue a limited liability company, the legal papers are served on the registered agent. Thus, it is necessary that the registered office have a street address. A registered agent can be a person, corporation or another limited liability company.

Limited Liability Companies organized under Oregon laws are called "domestic" limited liability companies. Those formed under the laws of other states, but transact business in Oregon, are "foreign" limited liability companies. The Oregon Limited Liability Company Act, ORS Chapter 63, regulates domestic and foreign limited liability companies.

The procedure is the same as for a Corporation:

1. The company is managed by its owners, rather than a board of directors or officers
2. You have an operating agreement rather than by-laws
3. You prepare and adopt an operating agreement and issue member certificates
4. You appoint a registered agent, the person who accepts legal documents for the LLC
5. You appoint an organizer, the person who files the articles of organization
6. You must keep minutes of unscheduled meetings to discuss matters relating to the business

Records You Must Keep:

1. Cash in the bank
2. Accounts receivable
3. Notes receivable
4. Inventory
5. Prepaid expenses, such as insurance
6. Deposits
7. Cars and other vehicles
8. Plan equipment & machinery
9. Office equipment & computers
10. Buildings
11. Land

Domestic Limited Liability Company:

To form a domestic limited liability company in Oregon, you must submit articles of organization and a fee to the Corporation Division Business Registry, who has the form for such a purpose.

Before articles of organization can be filed, the name must be distinguishable from other active names on the Business Registry records. If the articles conform to statutory requirements, the Corporation Division Business Registry returns an acknowledgment of the articles indicating the date the limited liability company's existence begins.

The members shall manage the LLC business affairs unless the articles of organization specifically state that one or more managers shall manage them. If the LLC chooses to be managed by managers, the members can be compared to the limited partners of a limited partnership. To be a member of a LLC you must make a contribution such as cash, property or services rendered.

Foreign Limited Liability Company:

A foreign LLC must obtain authority from the Corporation Division Business Registry to transact business in Oregon. It must submit the application, including the name and address of its Oregon registered agent, and a fee to the Corporation Division Business Registry. The name must be distinguishable from other active names on Business Registry records. A certificate of existence or similar document from the jurisdiction of organization must be submitted at the same time. The certificate or similar document must be dated within 60 days of the date of the application. If the application conforms to Oregon law, the Corporation Division Business Registry will grant the authorization.

ANNUAL REPORT:

The annual report and renewal fee is due each year on the anniversary date of a corporation, Limited Liability Company or a limited partnership. The annual report is sent to the designated mailing address of the entity approximately 45 days prior to the due date. The information asked for on the annual report must be current within 30 days of the anniversary date of the entity.

RESERVING A CORPORATE, LIMITED LIABILITY COMPANY OR LIMITED PARTNERSHIP NAME:

Any person intending to organize a corporation, limited liability company, or a limited partnership may reserve a name by submitted an application and a fee to the Corporation Division Business Registry. A name reservation prevents the registration of an identical name. If the name is distinguishable from other active names on Business Registry records, the division will reserve the name for the applicant for 120 days.

To take the Choosing a Legal Structure test, go to the test wizard at BusinessLaw.gov, legal information for America's small business: <http://www.app1.sba.gov/exsysweb/client/bizform/bizformmenu.html>

Source for a portion of this handout (available from the RCC SBDC library):

How to Form a Corporation, LLC or Partnership in Oregon. W. Dean Brown. Corporate Publishing, Inc.
Legal Forms for Starting & Running a Small Business, 2nd editions. Attorney Fred S. Steingold. Nolo Press.

DISCLAIMER: This handout is not intended to provide legal advice. It is only to provide basic information. Check with your attorney and CPA to determine which form of business structure is best for you.