
10 essential steps to starting a business in Seattle

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1

Obtaining Basic Information

Prior to starting a business, entrepreneurs can diminish risks, and thereby increase the chance of success, with planning and preparation. A host of resources are available for entrepreneurs seeking general information.

The **City of Seattle's Public Library system** provides considerable resource materials for entrepreneurs, such as information on market research and how-to books on a variety of businesses and industries. The Library system also maintains a Business Information Service which provides library cardholders information related to demographics, market research and financial information as well as access to online business and financial databases.

Seattle Public Libraries
www.spl.org
(206) 386-4636
Business Information Service
(206) 386-4645

The **U.S. Small Business Administration (SBA)** has created a series of online resources available for entrepreneurs. The Small Business Resource Guide includes pages of ideas, references, and suggestions covering issues related to starting a business and provides a listing of financing options available through SBA. A PDF version of the resource guide is available at: <http://www.sba.gov/wa/seattle/RG2006webSDO.pdf>.

SBA Seattle District Office
www.sba.gov/wa/seattle
(206) 553-7310

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Developing a Business Plan

A business plan articulates what a business is, where it is going, and how an entrepreneur wants to take it there. A business plan will likely include a summary, a company description, a marketing plan, an operations plan, and management and organization information. A business plan is critical — without a business plan, a business may fail. Most banks require a business plan prior to lending.

The SBA provides a business plan outline at: <http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>

Two critical elements to a business plan should include:

1. Determining the Legal Structure of the Business

- Determining the form for your business will impact the organization's tax status, the number of tax returns to file, owners' liability protection, and earnings distribution. In Washington, entrepreneurs have seven general options, and should consider the advantages and disadvantages of each in connection with the venture:
 - Sole Proprietorship
 - Partnership (General or Limited)
—Partnerships are governed by Title 25 of the RCW
 - Corporations (Type S or Type C)
—For-profit corporations are governed by Titles 23 and 23b of the RCW
 - Limited Liability Corporations (LLCs)
—LLCs are governed by Title 25 of the RCW
 - Limited Liability Partnerships (LLPs)
—LLPs are governed by Title 25 of the RCW
- Information about each form is available through the Washington Secretary of State at http://www.secstate.wa.gov/corps/registration_structures.aspx or through the SBA's Washington-focused resource guide at: http://www.sba.gov/starting_business/startup/guide.html
- Entrepreneurs may wish to obtain legal advice prior to making a decision. The SBA maintains an online resource guide providing small business owners around the country with general information about choosing a business structure and hiring an attorney: www.business.gov

2. Determining the Business Name

- A business' legal name is filed with the Washington Secretary of State's office. The Secretary of State's office ensures each registered business in Washington exists with an exclusive legal name. The Secretary of State provides a webpage chronicling registered business entities at: <http://www.secstate.wa.gov/corps/search.aspx>
—The Washington state Department of Licensing's Master License Service provides the most extensive state listing of business names. For a fee, name searches may be performed by the Master License Service. Contact information is available at: <http://www.dol.wa.gov/mls/searchwa.htm> or by calling the Master License Service at (360) 664-1400.

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Financing Your Business

A series of local organizations and agencies are available to provide financial assistance to entrepreneurs starting a business.

Community Capital Development (CCD)

CCD provides small business loans and technical assistance for small businesses through the Business Assistance Center. The Business Assistance Center also provides one-on-one assistance to help entrepreneurs put together a business plan.

CCD maintains an online resource accessible at: <http://www.seattleccd.com/> or may be contacted at (206) 324-4330.

Cascadia Revolving Fund

Cascadia provides small business loans and technical assistance to low-income entrepreneurs.

Cascadia maintains a website accessible at: <http://www.cascadiafund.org/> or may be contacted at (206) 447-9226.

Small Business Administration (SBA)

The SBA also offers small business loans.

The Seattle office of the SBA maintains a website listing SBA financing resources at: <http://www.sba.gov/wa/seattle/financing.html> or may be contacted at (206) 553-7311.

Evergreen Community Development

Evergreen is a nonprofit organization which acts as an intermediary between entrepreneurs and two federal government commercial loan programs— the SBA 504 loan program and the Rural Loan Fund, targeting small business in rural Washington.

More detailed information about Evergreen's lending procedures is available at: <http://www.ecda.com/> or may be contacted at (206) 622-3731.

Washington CASH

Washington CASH, a community-based non-profit, provides training and lending services for low-income women, people with disabilities, immigrants and other low-income individuals to support starting up or expansion activities.

Washington CASH maintains a website accessible at: <http://www.washingtoncash.org/> or may be contacted at (206) 352-1945.

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Registering Your Business

The Washington Secretary of State is the chief corporations officer in Washington state. Prior to obtaining any license, an entrepreneur should register with the corporate division of the Secretary of State's office. Corporate organizing documents must be approved before the organization's legal existence may begin.

A summary of registration and business renewal requirements as well as registration forms are available at: <http://www.secstate.wa.gov/corps/>

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Licensing Your Business: State Licenses

Businesses incorporating in Washington State are required to obtain a state business license, issued by the Washington State Department of Licensing (DOL). Obtaining a Washington state business license requires filing a Master Business Application with DOL. The Master Business Application can be used to obtain a Unified Business Identifier (UBI) number and to register trade names (see below). Further information about the Master Business Application as well as an online version of the Master Application is available at:

<http://www.dol.wa.gov/mls/startbus.htm#Business>

- A Trade Name provides a record of all owners of a business. A trade name is any name used in the course of business that does not include the full legal name of all owners of the business. Trade names are registered with DOL. The right to use a trade name belongs to the entrepreneur first using a given name in connection with the business. If a trade name is not registered, the business entity itself may not be party to a lawsuit. For further information on trade names, see: <http://www.dol.wa.gov/mls/startbus.htm#what>

Certain businesses and industry sectors may be required to comply with additional state licensing requirements. To ensure compliance, the DOL recommends consulting an online service, the Washington Licensing Information (WALI) website: <http://www.dol.wa.gov/mls/wali.htm>

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Licensing Your Business: Local Licenses

In addition to state licensing requirements, entrepreneurs may need to comply with city and/or county licensing requirements for each operation. Businesses operating in Seattle come under the jurisdiction of King County and City of Seattle regulations.

King County

King County does not require a general business license. Any business operating within the city limits of any of the major cities within King County is required to have a city business license (see below). However, if a business is located in unincorporated King County – an area outside of city limits – and engages in a regulated activity, a King County regulatory license must be obtained for each regulated activity. The King County Department of Development and Environmental Services (DDES) issues most licenses to businesses engaged in regulated activities. For further information on regulated business activities in unincorporated King County see: <http://www.metrokc.gov/ddes/business/faq.shtm>

DDES may also be contacted at (206) 296-6600.

City of Seattle.

- **Business License.** Each business engaging in business activities in Seattle must obtain and annually renew a city business license unless the business activity is specifically exempted from licensing and taxes. Anyone engaging in business activities within Seattle is required to obtain a Seattle business license whether or not a place of business is maintained within city limits. A branch business license is required for each additional venue doing business. The Revenue and Consumer Affairs (RCA) Division of the Department of Executive Administration is responsible for business licensing. For further information about the issuance of city business licenses or to obtain a business license application form, see: <http://www.seattle.gov/rca/licenses/licmain.htm>

RCA may also be contacted at (206) 684-8850.

- **Regulatory License.** The city of Seattle further regulates specific business activities and requires entrepreneurs to obtain a City of Seattle regulatory license for each regulated activity. Unless the business activity is specifically exempted, the entrepreneur must obtain a city business license in addition to the City of Seattle regulatory license(s). RCA is responsible for issuing regulatory licenses. For further information on regulated business activities in Seattle see: <http://www.seattle.gov/rca/licenses/regulatory.htm>

Obtaining Necessary Permits

Permits: Use and Construction Regulations

A number of City agencies are charged with ensuring compliance with City regulations by businesses and residents. Most commercial related permits are issued by the Department of Planning and Development (DPD), which is responsible for developing, administering, and enforcing standards for land use, design, construction, and housing within city limits. However, depending on the industry and intended business activities, entrepreneurs may need to obtain permits from other city agencies, such as the Department of Transportation (SDOT), Seattle Public Utilities (SPU), or the Seattle Fire Department (SFD). DPD provides entrepreneurs with comprehensive information on how to obtain permits from various City departments and it is essential that entrepreneurs consult with DPD early in the process.

Available Resources

The Department of Planning and Development (DPD) has developed a variety of personal, published, and online resources available for entrepreneurs. The Applicant Services Center provides general information to entrepreneurs and is the intake point for building and land use applications. The Public Resources Center provides information on Master Use Permits, and materials about the codes and the permit process. The DPD website may be accessed at: www.seattle.gov/dpd/

- **Applicant Services Center (ASC).** The ASC provides assistance to entrepreneurs applying for City permits, including Master Use Permits, Building Permits, and a variety of additional associated permits, including electrical, furnace, plumbing, boiler, sign, and Street Use. ASC staff advises entrepreneurs on City Code regulations and accepts DPD permit applications.

Applicant Services Center

20th Floor of the Seattle Municipal Tower at 700 Fifth Ave.
(206) 684-8850

ASC Hours:

- Monday, Wednesday, and Friday from 7:30 am to 5:30 pm
- Tuesday and Thursday from 10:30 am to 5:30 pm

- **Public Resource Center (PRC).** The PRC provides information documents and codes as well as access to current Master Use Permit files. The PRC also maintains the Microfilm Library, which chronicles property plan and permit history for your property.

Public Resources Center

20th Floor of the Seattle Municipal Tower at 700 Fifth Ave.
(206) 684-8467

PRC Hours:

- Monday, Wednesday and Friday from 7:30 am to 5:30 pm
- Tuesday and Thursday from 10:30 am to 5:30 pm

Microfilm Library Hours:

- Monday, Wednesday, and Friday from 9:00 am to 4:30 pm
- Tuesday and Thursday from 10:30 am to 5:30 pm

Obtaining Necessary Permits

- **Online Materials.** DPD publishes a variety of online resources for entrepreneurs. A listing of resources may be accessed at: <http://www.seattle.gov/dpd/Publications/>.
DPD, along with Seattle Public Utilities (SPU), Department of Neighborhoods (DON) and Seattle Transportation (SDOT), publishes a series of Client Assistance Memos (CAMs), organized by category, and may be accessed at: [http://www.seattle.gov/dpd/publications/client_assistance_memos_\(CAMs\)/](http://www.seattle.gov/dpd/publications/client_assistance_memos_(CAMs)/)

Types of Permits

- **Use** – the Seattle Land Use Code regulates business activities based on the use of real property. Land use permits assure compliance with City zoning requirements and environmental regulations. The Department of Planning and Development (DPD) issues Master Use Permits (MUPs), which are required to establish a given use of property and to change a given use of property. However, if an entrepreneur is not changing the previous use of property, an additional use permit may not be required. DPD has created a series of online checklists and standards to communicate specific submittal requirements to entrepreneurs: <http://www.seattle.gov/dpd/LandUse/Applying.asp>
- **Construction** – the Seattle Building Code regulates business activities based on the intended use of a physical structure. Construction permits ensure projects comply with structural and fire/life safety regulations. DPD issues a series of construction-related permits, including building permits, demolition permits, grading permits, electrical permits, and mechanical permits. The Seattle Department of Transportation (SDOT) regulates construction work in the public rights-of-way and issues Street Use permits.
- **Over-the-Counter (OTC) Permits** – DPD issues thousands of over-the-counter permits annually, including electrical permits, fire alarms, boiler permits, pressure vessel permits, refrigeration permits, single family/duplex mechanical permits, and side sewer/drainage/sewer capping. OTC permits at DPD's Applicant Services Center (ASC) are issued while the customer waits, with no plan review required. DPD publishes a Client Assistance Memo (CAM) about over-the-counter permits, obtainable online at: <http://www.seattle.gov/dpd/publications/CAM/cam104.pdf>
- **Plumbing Permits** – Plumbing permits are required to install, relocate, or change a plumbing system and are approved at the ASC by Seattle/King County Health Department Staff. However, entrepreneurs are encouraged to hire a professional plumber. Further information about plumbing permits and regulatory instructions is available online at: <http://www.metrokc.gov/HEALTH/plumbing/permit.htm> or by contacting Seattle/King County Public Health at: (206) 296-4600.
- **Street Use Permits** – More than 60 different types of permits are available from the Seattle Department of Transportation (SDOT) for work and use in the public rights-of-way. SDOT has created an online list of common types of street use permits accessible at: http://www.seattle.gov/transportation/stuse_permits.htm or may be contacted at (206) 684-5283. Information is also available at the ASC. Permits are issued in person at the Street Use Permit Counter.

Street Use Permit Counter, (206) 684-5283
37th Floor of the Seattle Municipal Tower at 700 Fifth Ave.

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Understanding Tax Regulations

Businesses are subject to various federal, state, and local taxes. While businesses are likely to encounter all of the common taxes listed below, entrepreneurs are encouraged to consult a tax advisor and, depending upon the jurisdiction, relevant statutes.

Federal

Unless you are a nonprofit, your business will be subject to federal income tax.

For further information about federal taxes and tax incentive programs consult the Tax Information for Businesses Web site maintained by the Internal Revenue Service (IRS) at: <http://www.irs.gov/businesses/index.html> or contact the Seattle office of the IRS at (206) 220-6015.

IRS Local Office – Seattle, 915 Second Avenue, Seattle, WA 98174

State

Washington state does not impose a corporate, unitary, or personal income tax. However, most businesses will be subject to a business and occupations (B & O) tax, a retail sales/use tax, and state property taxes. The state also imposes taxes on such activities as public utilities, carbonated beverages, fish, timber, tobacco products, litter, refuse collections, petroleum products, and hazardous materials. However, some industries may be able to benefit from one of several state tax incentives.

For further information about state taxes visit the Access Washington State Government website discussing state taxes at: http://access.wa.gov/business/taxes_state.aspx or contact the Department of Revenue's Telephone Information Center at 1-800-647-7706.

King County

All businesses in King County are required to file a personal property tax affidavit. The King County Assessor's Office is responsible for assessing personal property used by a business. Personal property typically includes items used by a company to conduct business, and generally does not include property attached to a building or the land. Once a Master Business License is obtained from the state, an account is established for your business and personal property tax affidavits are mailed at the end of each year requesting information about business assets.

For further information visit the King County Department of Development and Environmental Services webpage discussing personal property tax affidavits at: <http://www.metrokc.gov/ddes/business/property.shtm>. For questions about the personal property tax valuation and process contact the King County Assessor's Office at: (206) 296-7300.

City of Seattle

Every person or entity doing business within the city limits is subject to the business license tax unless specifically exempted by the Seattle Municipal Code. Seattle maintains a general gross receipts business license tax and a gross receipts utility tax.

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Understanding Tax Regulations

Any business whose annual taxable revenue – reportable under the business license tax and earned within Seattle – is less than \$50,000 is not required to remit a tax payment. However, a completed annual tax return must be submitted to ensure the City is made aware that no tax is due. No such tax threshold exists under the utility tax.

Businesses conducting activities in some industry sectors may also be required to pay City admission taxes or gambling taxes. For further information on these taxes, consult RCA online at: <http://www.seattle.gov/rca/taxes/MoreInfo.htm> or contact RCA at (206) 684-8484.

RCA maintains an online resource discussing City business taxes, including a guide, forms, rate classifications, and exemption and deduction information. The website is accessible at: <http://www.seattle.gov/rca/taxes/Taxmain.htm>.

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Additional Support: Technical Assistance & Consulting

Community Capital Development (CCD)

The Seattle Business Assistance Center, maintained by CCD, provides services for small businesses at every level, from start-up, to rapid expansion, to controlled growth, to sustained profitability. The Business Assistance Center also has available counselors on site to provide personal support to entrepreneurs.

The Business Assistance Center may be accessed online at:

<http://www.seattleccd.com/businessassistance.htm>

or may be contacted by calling (206) 324-4330.

Office of Economic Development – Seattle Business Advocate

In 2003, the city of Seattle's Office of Economic Development (OED) launched the Mayor's Business Advocate service to assist small businesses. The Advocate, Kris Effertz, acts as a voice for small and medium-sized businesses needing help with City policies and regulations. Kris works with businesses on a case-by-case basis to troubleshoot concerns and resolve problems. She is available as your first point of contact to understand and navigate City processes, regulations and policies - and gain access to needed resources.

- In her first two years of service, Kris Effertz assisted over 500 businesses. Among her accomplishments were the facilitation of the brownfields clean-up of the Despi's Delite Bakery site on Beacon Hill, and the re-establishment of Charlie's Produce, for which she was honored by the Manufacturing and Industrial Council for her outstanding work.
- Kris Effertz can be reached by email at kris.effertz@seattle.gov or by calling: 206-684-BIZZ (206-684-2499).
- OED also provides an online resource answering entrepreneurs' most commonly-asked questions: http://www.seattle.gov/economicdevelopment/pages/doing_biz.htm.

enterpriseSeattle

enterpriseSeattle provides free, customized assistance to businesses expanding or relocating into King County. enterpriseSeattle also provides demographic and economic information, permit troubleshooting, financing information, help with siting, workforce training materials, and details on local taxes and incentives.

enterpriseSeattle maintains a website accessible at

<http://www.enterpriseseattle.org/> or may be contacted at (206) 389-8650.

SCORE

The Service Corps of Retired Executives (SCORE) is a national non-profit association dedicated to entrepreneur education and the formation, growth and success of the nation's small business. SCORE is a resource partner with the Small Business Administration. The Seattle Chapter of SCORE has more than 100 volunteers who donate their expertise as counselors, mentors and workshop presenters. Further information on counseling locations, business briefings, and upcoming workshops is available at: <http://www.seattlescore.org/>

The Seattle Chapter of SCORE may be contacted at (206) 553-7320.

Women's Network for Entrepreneurial Training (WNET)

The Women's Network for Entrepreneurial Training (WNET) is administered by the SBA and offers local training options for both men and women. WNET links new business owners with mentors who can provide practical advice related to running a business. Monthly breakfast roundtable sessions, led by former business owners and experts, are hosted throughout Puget Sound.

Further information about WNET is available at:

<http://www.sba.gov/wa/seattle/seawnet.html>

WNET may be contacted at (206) 553-7316.

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Ensuring Compliance with Employer Responsibilities

Additional sets of responsibilities arise when a business hires employees. Employers should consider federal, state, and local regulations. Available online resources include:

- The Businesses with Employees website is maintained by the IRS at **<http://www.irs.gov/businesses/small/article/0,,id=98862,00.html>**
- The Washington state Department of Labor and Industries website for businesses with employees: **<http://www.lni.wa.gov/Main/BusinessTopics.asp>**