



Madisonville – Hopkins County
Economic Development Corporation



Unbridled Business Spirit

A Guide for
Starting a Business
in
Hopkins County

Starting a Business in Hopkins County

Introduction

Thank you for your interest in starting a business in Hopkins County. This guide has been developed by the Madisonville-Hopkins County Economic Development Corporation as a tool to help you start and grow your business.

Creative Entrepreneurism

Starting your own business requires a passion for your idea. It also requires creativity. To be successful, you need to be imaginative. To help your creativity, you must ask yourself several questions:

- ❖ What are common problems that you face in your daily life? Can you think of creative ways to solve those problems? If so, come up with several possible solutions. Then narrow them down.
- ❖ Can the solution be marketed into a business?
- ❖ Do you have a passion for the solution?
- ❖ What else are you passionate about? Can you use your passion to help others, or improve their lives?

Talk to people who can help you with your idea, or who have the expertise to take your idea/solution to the next level. Consider seeking out angel investors and venture capitalist investors who can help fund your business.

Business Plan

One of the first steps in starting a business is planning and research. A Business Plan organizes all the necessary components required to start and maintain a business. It is also an instrument that will allow financial institutions and financiers to assess your business idea when seeking funding.

To view a suggested business plan outline with tips and suggestions, visit www.ksbdc.org/new-businesses/business-planning. Additionally, a regional representative with the Kentucky Small Business Development Center can assist with Business Plans. Please call the Madisonville-Hopkins County Chamber of Commerce at 270-821-3435 for more information.

Financing

If additional funds are necessary to open your business, or support its operations, a loan from a bank may be necessary. Bankers take into account several factors during consideration for a loan, including the following: your investment in the business, your credit history, reason for the loan, your working capital, inventory, collateral, and ability to repay the loan. The bank will require a business plan that describes cash-flow statements for at least twelve months, balance sheets, and three years of projected profit-and-loss statements.

For additional information on financing, visit www.ksbdc.org/new-businesses/financing

Permits and Business Licenses

A starting point for determining appropriate license requirements in Kentucky is the Business Information Clearinghouse's permits and licenses database at www.thinkkentucky.com/BIC/license.aspx, or call 800-626-2250. This online database will allow you to search for state licenses that apply to certain types of businesses.

For information on licenses and permits for the city of Madisonville, visit www.madisonvillegov.com/Madisonville_Kentucky/index.asp?Page=Splash-Business, or call 270-824-2100.

For information on federal licenses, visit www.thinkkentucky.com/BIC/federal.aspx.

Legal Structure

Consult an attorney to decide on a legal structure for your business, and submit the required paperwork. A sole proprietorship is the easiest type of business to start, and is ideal for service oriented businesses that involve only one person. Partnerships are similar, but involve two or more parties. A corporation or limited liability company might be a better option if you will need to hire employees right away. You'll need the protection that a corporation or LLC provides if you want to shield your personal assets from potential lawsuits brought against your business.

The choice of business structure can be changed if your business needs and conditions change. For additional information on business structures, visit the following: www.sba.gov/smallbusinessplanner/start/choosestructure/index.html, www.irs.gov/newsroom/article/0,,id=183918,00.html, or <http://sos.ky.gov/business/filings/entities.htm>.

Accounting Assistance

You should utilize the services of an accountant to file your taxes each year, and it is advisable to consult an accountant when you are starting your business to determine different filing requirements that may apply to your business structure.

Your Business Name

When determining the name of your business, you may request a preliminary name availability check by contacting the Secretary of State's office at 502-564-2848, or by going to <http://apps.sos.ky.gov/business/obdb/nameavail.aspx>. Depending on how your business is structured, there are certain required components of a legal business name. Refer to <http://apps.sos.ky.gov/business/obdb/guidelines.aspx>.

Obtaining a Federal Tax ID Number

Many businesses are required to obtain an Employer Identification Number (EIN) from the Internal Revenue Service (IRS). The EIN is a federal tax identification number for your business. To obtain your EIN number immediately, apply online or call the IRS at 800-829-4933. If you call, it is highly recommended that you first review the IRS Form SS-4 at www.irs.gov/pub/irs-pdf/fss4.pdf, and the Form Instructions at www.irs.gov/pub/irs-pdf/iss4.pdf, so you will be prepared to answer the questions that the IRS will ask about your business.

In addition to obtaining an EIN, it is important for business owners to understand their federal tax obligations. The IRS has online resources to help you in this area. Links to a number of useful websites can be found at www.thinkkentucky.com/BIC/fedtax.aspx. You may also want to consult with an accountant or tax professional regarding your business taxes.

Register with the Kentucky Department of Revenue

The Kentucky Department of Revenue collects and monitors a variety of state taxes. For many businesses in Kentucky, the state tax process begins by completing a Kentucky Tax Registration Application, which is available online at <http://revenue.ky.gov/business/register.htm>, or by calling 502-564-3306. This multi-use document, also known as Form 10A100, allows a business owner to apply for or update the following state tax accounts: Employer's Withholding Tax; Sales and Use Tax; Consumer Use Tax; Corporation Income Tax; Limited Liability Pass-Through Entity Tax; Transient Room Tax; and several others.

Obtain a Local Business License and Register for Local Taxes

Many cities and counties require a local business license and/or impose an occupational tax or other type of tax on individuals and firms conducting business within their jurisdiction. To learn about your requirements, begin by contacting the city/county government where your principal place of business in Kentucky will be located. For a business in Madisonville, visit www.madisonvillegov.com/Madisonville_Kentucky/index.asp?Page=Splash-Business, or call 270-824-2100.

You should also check with each city/county government where you intend to transact business or have a business presence. Local city/county government business licensing contact information can be found at www.thinkkentucky.com/BIC/local.aspx.

Hiring Employees and Your Responsibilities

As your business grows, you may need to hire employees. There are many local organizations that can assist you in this process.

The Kentucky Office of Employment and Training (OET) is responsible for the administration of a number of programs and services designed to assist employers in a variety of employment related areas. OET provides qualified people for job openings, comprehensive labor market information, training opportunities and more. For additional information visit their web site at www.oet.ky.gov, or call their Madisonville office at 270-824-7562.

For local assistance in hiring temporary employees, contact People Plus, Inc. or Staffpartners. Both organizations have offices in Madisonville and stand ready to help you with your staffing needs. People Plus, Inc. can be found at www.peopleplusinc.com, or by calling 270-825-8939. You may contact Staffpartners at 270-824-9300.

The JobNet Career Center, located in Madisonville, is home to several job service organizations that can assist you with your hiring needs.

- ❖ The West Kentucky Workforce Investment Board is a non-profit organization responsible for managing local workforce development projects throughout the Purchase/Pennyrite

regions, in conjunction with local elected officials. Through their On-the-Job Training program it is possible to receive reimbursement for half the wages paid to a new employee during their training. For more information, visit www.peadd.org/employ/default.aspx, or call 270-821-9966.

- ❖ Experience Works is a national, charitable, community-based organization that assists employers in taking full advantage of the talents of older workers. To learn more, visit www.experienceworks.org/site/PageServer?pagename=State_Kentucky_Home, or call 270-821-9966.
- ❖ The Kentucky Farmworker Program provides employment and training opportunities to farm workers and their families across Kentucky. For more information, visit <http://kyfarmprograms.com/default.aspx>, or call 270-821-9966.

Employers may also utilize the Ready-To-Work Program, which is a partnership between the Kentucky Community and Technical College System, and the Kentucky Cabinet for Health and Family Services. This program places work-study students with both private and non-profit employers. The student gains work experience and job retention skills, at no cost to the employer.

The Madisonville Community College, through its Workforce Solutions department, offers targeted job training for employees of local businesses. Experienced instructors will come to your place of business to teach short courses on subjects like computer skills, team building, industrial maintenance technology, mining skills, and advanced businesses applications like Lean Simulations. They also offer workforce skills assessments through their Assessment Center. Visit them online at www.madisonville.kctcs.edu/Workforce_Solutions.aspx, or call 270-824-8659.

Below are additional items that will need to be considered or addressed as part of utilizing employees in your business.

Employer or Independent Contractor

An important first step is to determine whether someone doing work for you is an employee or an independent contractor. The answer will have tax as well as other implications. The IRS has additional information on this topic at www.irs.gov/businesses/small/article/0,,id=99921,00.html. In addition, the IRS will determine for you whether a worker is an employee or independent contractor if you submit Form SS-8, which can be found at www.irs.gov/pub/irs-pdf/fss8.pdf.

Employment Eligibility Verification

If you hire employees, you must have the employee fill out an Employment Eligibility Verification Form (I-9), which is available online at <http://www.uscis.gov/i-9>. The I-9 form is used to provide proof that people you hire are U.S. citizens or legal aliens authorized to work in the United States. Additional employee eligibility verification information is available from the U.S. Citizenship and Immigration Services by calling 800-357-2099.

New Hire Reporting

Federal and state law requires employers to provide basic information on new hires or anyone that is rehired or returns to work after a separation of employment of 30 days or more. Additional information is available from the Kentucky New Hire Reporting Center at <http://newhire-reporting.com/KY-Newhire/default.aspx>, or by calling 800-817-2262.

Federal and State Employee-related Taxes

Employers have tax obligations to the IRS and the Kentucky Department of Revenue. The IRS provides guidance on federal employment taxes at <http://www.irs.gov/businesses/small/article/0,,id=172179,00.html>. Federal employer tax obligations include social security/Medicare taxes, unemployment taxes and federal income tax withholding from employee pay.

Kentucky employers are required to withhold state income taxes from employees. To start this process, complete a Kentucky Tax Registration Application available at <http://revenue.ky.gov/business/register.htm>. Additional state withholding tax information can be obtained at <http://revenue.ky.gov/business/whtax.htm> or by calling the Department of Revenue at 502-564-7287.

State Unemployment Insurance

Employers in the state must register with the Office of Employment and Training (OET) to establish a state unemployment insurance account. An overview of employer obligations can be found in the Unemployment Insurance Employer Guide at www.oet.ky.gov/des/ui/EmployerGuide2008.pdf. Additional information can be found on OET's unemployment insurance web page at www.oet.ky.gov/des/ui/ui.htm, or by calling their State office at 502-564-2272, or their Madisonville office at 270-824-7562.

Workers' Compensation

Any employer in Kentucky (except for certain exclusions) with one or more employees must provide Workers' Compensation insurance coverage for employees. You can obtain additional information from your insurance agent, from Kentucky Employers Mutual Insurance at <http://www.kemi.com/index.aspx>, the Kentucky Department of Workers' Claims website at <http://labor.ky.gov/workersclaims/>, or by calling 502-564-5550, extension 4423.

Environmental Permitting

Even the smallest of businesses may need to obtain an environmental permit or license. If your business will use or produce any chemicals or materials that could be considered hazardous, or have a significant impact on the environment, the Kentucky Energy and Environment Cabinet's Division of Compliance Assistance offers help in the area of environmental compliance and permitting. Additional information is available at www.dca.ky.gov/complianceassistance, or by calling 800-926-8111.

Additional Assistance

Below are several additional resources that can assist you in starting your business.

- Madisonville-Hopkins County Economic Development Corporation. www.kentuckyedc.com, or call 270-821-1939.
- Madisonville-Hopkins County Chamber of Commerce. www.hopkinschamber.com, or call 270-821-3435.
- Madisonville Community College. www.madisonville.kctcs.edu, or call 270-821-2250.
- City of Madisonville. [www.madisonvillegov.com/Madisonville Kentucky](http://www.madisonvillegov.com/Madisonville_Kentucky), or call 270-824-2100.
- Hopkins County Government. www.hopkinscounty.ky.gov, or call 270-821-8294.
- West Kentucky Workforce Investment Board. www.peadd.org/employ/default.aspx, or call 270-886-9484.
- Pennyriple Area Development District. www.peadd.org, or call 270-886-9484.
- Hopkins County-Madisonville Public Library. www.publiclibrary.org, or call 270-825-2680.
- Kentucky Cabinet for Economic Development's "Small Business Services Division." www.thinkkentucky.com/sbsd, or call 800-626-2250.
- Kentucky Small Business Development Center provides counseling and training in the areas of small business management and technical assistance, including business planning, marketing, and assistance in obtaining financing. www.ksbdc.org, or call 888-475-7232 or 270-886-8666.
- SCORE is an organization of volunteer business executives and professionals that provides business counseling and training to entrepreneurs. www.score-kentucky.org, or call 502-582-5976.
- Regional Business and Innovation Center serves the innovators, inventors, and entrepreneurs of western Kentucky with a variety of services. www.msurbic.com, or call 270-809-6070.

In Conclusion

It is the mission of the Madisonville-Hopkins County Economic Development Corporation to serve as the resource and catalyst for sustained economic growth and development in Hopkins County. Our goal is to facilitate the creation of new primary business ventures in Hopkins County thereby achieving wealth-generation, employment opportunities, and additional prosperity. We are dedicated to helping your business grow and prosper. Please call our office for additional assistance at 270-821-1939, or visit us online at www.kentuckyedc.com.