

Ord City Sales Tax Application Guidelines

Eligible Applicants:

A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship, which derives its principal source of income from any of the following:

- The manufacture of articles of commerce.
- The conduct of research and development.
- The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce.
- The sale of services in interstate commerce.
- Headquarters facilities relating to eligible activities as listed in this section.
- Telecommunications activities.
- Tourism related activities.
- Any business that derives its principal source of income from the construction or rehabilitation of housing.
- Retail or any other business deemed as a qualifying business through future action of the legislature.

Eligible Activities:

Eligible activities under the economic development program may include, but shall not be limited to, the following:

- The purchase of real estate, options for such purchases, and the renewal or extension of such options. (18-2711)
- Small business development including expansion of existing businesses.
- Recruitment to bring a qualifying business into the area.

Minimum Requirements:

The revolving loan fund can provide loans or loan guarantees to any business eligible for assistance under LB 840. While not meant to restrict the scope or flexibility of the fund, evaluation of applications should give special priority to businesses that meet one or more of the following criteria:

1. Businesses which create one quality job for each \$25,000 or less in public financing assistance in order to create quality job opportunities for area residents
2. Applications which provide for the expansion, enhancement or transition of existing businesses in Ord and the surrounding area
3. New business starts.
4. Businesses that in the opinion of the loan committee have unusual potential for growth.
5. Businesses that are relocating from outside Nebraska.
6. Businesses that provide for important local or regional needs.
7. The business needs to be located within Valley County.

Revolving Loans:

- Funds for a single project shall not exceed the amount of funds available under the Economic Development Program during the project term, nor shall it provide for more than 50% of applicant's total project costs. The maximum amount that can be loaned is \$25,000 per quality job created.
- Existing businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development Community Development Block Grant (CDBG) guidelines. No benefit package is required. New businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development CDBG guidelines. Also, they must provide a quality benefit package.
- Applicant must have 10% equity investment.
- Interest rate is fixed and negotiated case by case and shall not be less than ½ of prime rate in Wall Street Journal and never less than 2%.
- Security for the loan will include, but not be limited to, Promissory Notes, Mortgages or Deeds of Trust, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.
- Length of loan: 10 years for capital assets and 5 years for loans involving any other asset category; up to 10 years for equipment and fixtures may be possible for transition projects
- A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. Repayments will be held in the revolving loan fund for future projects.
- In cases of business transition projects, the loan committee may choose to modify loan terms listed in the sales tax policy manual. These changes may include (but are not limited to) interest-only payments for a period of the loan or other modifications the committee feels are justifiable under the current policies of the sales tax program.

Forgivable Loans:

Loan Forgiveness is an option in the ED Plan. No thresholds have been developed for loan forgiveness, although it is an option to be negotiated between the applicant and loan committee. Any negotiation of loan forgiveness must be approved by the Ord City Council. The applicant must submit a written request for loan forgiveness that outlines the reasons for the request to the Economic Development Director. This must be negotiated prior to loan closing.

Forgivable, performance based loans will be considered by Economic Development Board with one or all of the following criteria taken into consideration:

- The levels of job creation/job retention, and the duration of those job commitments, being proposed as job performance requirements to be met by the benefited business.
- Level of economic impact to the community.
- The overall wage levels being paid by the benefited business.
- Benefited business' commitment to providing a minimum annual wage increase for all employees through a period of time.
- The level of equity investment by owners.
- An assessment of the ability of the benefited business to repay the loan if job performance requirements are not met.

Application Requirements:

At the time when a qualifying business makes an application, the qualifying business shall provide the appropriate documentation evidencing its negotiations with one or more primary lenders and the terms upon which it has received or will receive the portion of the total financing for its activities which will not be provided by the city. (18-2719)

All inquiries regarding Ord sales tax funds will be treated the same. Those inquiring will be given a guidelines packet. This packet includes the sales tax guidelines, loan application form, certification and authorization form, application checklist and a blank financial statement form.

When someone decides to apply for sales tax funds, all required forms, as indicated in the guidelines, are to be turned in to the economic development office along with a non-refundable \$115 application fee (\$100 to help with administration costs and \$15 for the Criminal History Check). These forms must be complete and legible. Once all required forms are completed and turned in to the Economic Development office, and the ED Director deems them to be complete, a written declaration of completion will be provided to the applicant. In the event the forms are not complete, the applicant will be informed in writing of the deficiencies. Once the forms are complete as determined by the ED Director, a meeting will be scheduled with the Loan Committee. The applicant is welcome to meet with the Loan Committee at the scheduled meeting time.

- The five member Loan Committee will meet to review the loan application and supporting documents. The ED Director also attends the meetings to take minutes and to provide information, especially in the absence of the applicant.
- The loan committee will evaluate each application according to the following criteria:
 - Eligibility under LB 840.
 - Soundness and credibility of the business proposal.
 - If the business fits into one of the priority categories established by the plan for assistance.
 - Track record, credibility, and credit worthiness of applicant.
 - Ability to leverage significant private financing.
 - Probability that the business assistance will be repaid.
 - Other criteria that the loan committee may establish for application review.
 - Decision of the Loan Committee will be final.
- The loan committee will have a review checklist of the forms and documents that were reviewed during loan review. A member of the loan committee will sign off on the form after the review is complete.
- The Loan Committee may recommend the loan for approval to the Ord City Council, not recommend the request, or request additional information from the applicant. If the Loan Committee does not recommend a loan application, their decision is final. The applicant may apply again at a later date.

The Loan Committee members do not speak on behalf of the entire committee. Applicants are welcome to discuss their application with one or more members of the committee. Loan Committee members must remind the applicants that their opinion is only one of five and that the entire committee must make the recommendation to the Ord City Council. The committee will abide by the majority vote of the committee.

If there is a conflict of interest from any member of the Loan Committee due to a business relationship involving the sales tax application, immediate relation by family or marriage, the member(s) of the Loan Committee will abstain from voting on that specific loan application.

Information Required:

The qualifying business shall provide the following information before the Director of Economic Development and the Loan Committee considers any application:

Sole Proprietorship:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual federal tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if available.
- Credit Bureau Report (CBR).
- Other information as requested.

“S” Corporation:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual tax returns, if over 25% ownership (signed).
- Two years complete corporate tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if applicable.
- Articles of Incorporation, by-laws, and minutes of last meeting.
- Corporate Resolution authorizing loan application and execution of required documents.
- Credit Bureau Report (CBR) for shareholders with over 25% ownership.
- Other information as requested.

“C” Corporation:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual tax returns, if over 25% ownership (signed).
- Two years complete corporate tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if applicable.
- Articles of Incorporation, by-laws, and minutes of last meeting.
- Corporate Resolution authorizing loan application and execution of required documents.
- Credit Bureau Report (CBR) for shareholders with over 25% ownership.
- Other information as requested.

General Partnership:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual tax returns, if over 25% ownership (signed).
- Two years complete partnership tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if applicable.

- Complete partnership agreement.
- Credit Bureau Report (CBR) for general partners.
- Other information as requested.

Limited Partnerships:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual federal tax returns for general partners and for limited partners, if over 25% ownership, and partnership tax returns (signed).
- Complete copy of partnership agreement.
- Credit Bureau Report (CBR) for general partners.
- Other information requested.

Limited Liability Companies:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual federal tax returns, if over 25% ownership (signed).
- Two years complete entity tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if available.
- Credit Bureau Report (CBR) for managers.
- Other information as requested.

Limited Liability Partnership:

- Submit a Valley County Economic Development Loan Fund Application.
- Business plan, including projected two year income and expenses.
- Two years complete individual federal tax returns, if over 25% ownership (signed).
- Two years complete entity tax returns (signed).
- Current year-to-date Profit and Loss Statement (signed).
- Recent Balance Sheet (signed) and previous 2 years, if available.
- Credit Bureau Report (CBR) for managers.
- Other information as requested.

Contact Information:

If you have questions regarding the sales tax guidelines, please call the Valley County Economic Development office at (308) 728-7875 or email calebpollard@ordnebraska.com or kvolf@frontier.com.