



2008

# Utah Business Financing Options

(Section 12 of the Utah Business & Economic Profile)

**EDCUTAH**

ECONOMIC DEVELOPMENT  
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# Business Financing Options

## BONDS / LEASES / LOANS

### PAB (Private Activity Bonds)

Small manufacturers looking to grow and expand their businesses are prime candidates for private activity bonds. Issued through cities and counties, these tax-free bonds provide an ideal, cost effective means for acquiring manufacturing-related real estate and equipment. The federal government allocates \$26 billion per year to states on a per capita basis, with Utah receiving \$256,235,000 in 2007. Offered in amounts up to \$10 million, a company must apply to the state PAB Board and then locate a city willing to act as a conduit for the bond. The Utah Legislature has established its priorities for this important scarce resource in the following four accounts:

- Small Issue Account (Manufacturing Facilities and Multi-Family Affordable Housing)
- Single Family Account (Utah Housing Corporation for First-Time Single Family Homeowners)
- Student Loan Account (Board of Regents for university and college students)
- Exempt Facility Account (Pollution and Waste Control Projects)

### Equipment Leasing

For companies who lack the resources to purchase equipment, or would like to improve their balance sheets and ability to borrow, equipment leasing may be an attractive option. Working through companies like CIT, GE Capital and most traditional commercial banks, equipment leasing can be done for equipment ranging in price from tens of thousands of dollars to tens of millions of dollars.

### SBA (Small Business Administration)

SBA loans are the most common and most successful means for which a small business can acquire capital. Working through banks that participate in the SBA loan program, companies can acquire funding for real estate, equipment and operating capital under terms that make the loans extremely attractive. The majority of financing falls under one of two headings: the 504 or 7a loan program. Each has slightly different parameters regarding money use, rates, amounts, and payback terms, the details of which can best be explained by a trained commercial loan officer.

### Intermountain Community Capital

The Opportunity Finance Industry assists people, markets and communities just outside the margins of conventional, mainstream finance to join the economic mainstream, and assists the economic mainstream to enter emerging opportunity markets. Working in urban, rural and reservation-based markets throughout the U.S., this industry enables prudent and productive small- and medium-sized business lending in unconventional markets often overlooked by many financial institutions. Funding comes from Utah's industrial banks that need CRA credit, national capital partners, local investors and the CDFI fund. Loans typically range from \$50,000 to \$5 million.

### UMLF (Utah Microenterprise Loan Fund)

The UMLF offers a wide array of lending options to individuals looking for small amounts of capital to open their own business. The traditional micro-loan can provide up to \$10,000, to be repaid over five years at an interest rate of prime plus five percent. To qualify for the loan, individuals must present a thorough business plan with financial projections and are required to attend an orientation meeting.

### **USDA Loan Guarantee**

This program was created to encourage rural lenders to finance good, quality business opportunities that support diversified economies in rural areas. Working with commercial banks, the USDA will provide a default guarantee of up to 80% of the loan value to help remove some of the risk undertaken by a lender.

### **UTFC (Utah Technology Finance Corporation) Financing Solutions, LLC**

UTFC is a licensed Small Business Investment Company in Salt Lake City, Utah. They invest in small companies throughout the region by providing subordinated debt to start-up and growing businesses. They aid a wide range of companies from manufacturing to services, but focus primarily on information technology.

### **Salt Lake City Revolving Loan**

For companies located within Salt Lake City, the revolving loan program is an affordable way to finance a business. A start-up business must contribute an amount equal to the city's loan amount and can borrow up to \$100,000 based upon securing a loan. A business established three or more years may borrow up to \$100,000 contingent upon securing a loan, or obtain a loan greater than \$100,000 by providing a 2:1 ratio of private financing to city funds.

### **Provo City Revolving Loan**

Small businesses locating or expanding in Provo may be eligible for loans from Provo's Revolving Loan Fund. Start-up or existing businesses can borrow up to \$100,000 at low fixed interest rates.

### **Salt Lake County EDLP (Economic Development Loan Program)**

For companies located within Salt Lake County, the EDLP is designed to provide direct loans to small businesses looking for capital financing of \$25,000 to \$50,000. Priority funding is available for businesses located in Salt Lake County targeted areas of Magna, Kearns and West Millcreek. Loans will not be made to businesses in Sandy, Salt Lake City, Taylorsville, West Valley City, or West Jordan.

## **GRANTS / VENTURE CAPITAL**

### **SBIR (Small Business Innovation Research) Grants**

SBIR grants are funded through one of twelve departments of the federal government. Every year, each department is mandated by Congress to spend three percent of their total R&D budget with small businesses. The departments accomplish this by issuing requests, or topic solicitations, for assistance on specific R&D projects they are working on. If a company has the capability to provide an answer to a specific topic solicitation it is encouraged to submit a proposal. If the company's solution is accepted, it may receive up to \$100,000 to conduct its research concept with an additional \$750,000 to conduct the commercialization capability. Topic solicitations may be evaluated year-round.

### **Utah Angel Network**

The Utah Angel Network, one of the few organized angel investment groups in the country, is a collection of 15 private investors backing Utah entrepreneurs. Investing \$50,000 to \$2 million as equity or convertible debt, the Utah Angel Network assists in securing next-stage financing from a venture capital firm, private sources, or an IPO. To present a business idea to the Utah Angel Network, companies must submit a business plan summary and be selected to present at a monthly meeting.

### **Grow Utah Ventures**

Grow Utah Ventures is directly involved in assisting a number of early stage Utah businesses in obtaining financial resources and achieving their revenue goals. Through partners and private members associated with Grow Utah Ventures, this association is able to help a wide range of businesses transition from start-up to the early stages of business growth. This company is an integral player in the Utah Angel Network.

### **WBI (Wayne Brown Institute)**

WBI offers entrepreneurial education and training programs to help promising technology companies receive venture capital. By enrolling in their business plan evaluation program and attending their annual funding conferences, companies can dramatically improve their chances to be heard and receive venture capital funding.

### **Funding Utah**

Funding Utah aims to help current and prospective entrepreneurs in Utah plan and finance their businesses. Funding Utah provides entrepreneurs with valuable information and contacts. Currently, with a free registration, entrepreneurs can post business plans, which potential investors are allowed to browse. If investors are interested, they are given the entrepreneur's contact information.

## **BUSINESS STARTUP SERVICES**

### **GOED (Governor's Office of Economic Development) ITDO (International Trade & Diplomacy Office)**

The ITDO assists companies in developing markets for their products and services in other countries. <http://international.utah.gov/>

### **Salt Lake Community College Miller Business Innovation Center**

The Miller Business Innovation Center is an accelerator program for new and young companies seeking high growth. The center offers 30,000-square-foot of space where entrepreneurs operate their business while receiving infrastructure and entrepreneurial resources to accelerate business growth and create long-term business success. <http://www.slcc.edu/mbic/>

### **Novell's Open Source Technology Center**

The Open Source Technology Center encourages and supports innovation in open source software technology. Novell allocates 27,000 square feet of prime office space at the Provo, Utah campus. Small, open source companies can move to the center and benefit from a fully equipped business infrastructure and extensive on-site resources. Novell provides space, software, and training to help companies successfully develop open source technologies and grow their business.

<http://www.novell.com/offices/opensourcecenter.html>

### **Salt Lake Chamber Women's Business Center**

The Salt Lake Chamber Women's Business Center facilitates the entry of new women business owners into mainstream business and chamber activities. The Center offers counseling, training, networking and mentoring opportunities, business plan writing assistance, marketing and management assistance and government contracting assistance. <http://www.saltlakechamber.org/aboutus/affiliates/wbc/>

### **Utah Department of Commerce**

The Utah Department of Commerce is the licensing and registration agency for Utah's professional and business community. This organization provides oversight for business registration, trademarks, Uniform Commercial Code filings, licensing, consumer protection, public utilities, real estate and mortgage lending. <http://www.commerce.utah.gov>

### **Utah DWS (Department of Workforce Services)**

Utah DWS provides employee recruiting, screening and training services in the state. The DWS Electronic Job Board is a qualified worker's database that allows employers to filter applicants for those that have specific abilities, trades, educational attainment and other such criteria. The Electronic Job Board is connected to the American Job Bank, which enables open positions to be posted and viewed nationwide. DWS will also set-up in-house recruitment efforts at the business location and provides office space at various locations for conducting interviews. <http://jobs.utah.gov/>

### **Utah SBDC (Small Business Development Center)**

With nine regional centers throughout the state, the SBDC is dedicated to helping small businesses achieve their goals of successful start-up, growth, innovation, increased productivity, management improvement, and success. The SBDC offers services ranging from confidential one-on-one consulting in management, financing and marketing to assistance with marketing research and access to capital.

<http://www.utahsbdc.org/>

### **USDC (Utah Supplier Development Council)**

The USDC assists small disadvantaged, Hub-Zone, Veteran and women-owned business enterprises to become suppliers to large businesses. USDC provides training opportunities, sponsors trade fairs and promotes the worth of small disadvantaged, Hub-Zone, Veteran and women-owned business enterprises to Utah's economy. <http://www.usdcutah.com/>

### **Utah USEAC (U.S. Export Assistance Center)**

The USEAC assists Utah businesses with exporting, counseling and advice and advocacy services.

<http://www.buyusa.gov/utah/>

### **Zions Bank Business Resource Center**

The Zions Bank Business Resource Center offers a broad range of services from basic business planning assistance to human resources, marketing and financial assistance to international trade and government resource assistance. <http://www.zionsbank.sbresources.com/>

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