

Ord City Sales Tax Guidelines

Eligible Applicants (§18-2709):

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:

1. The manufacture of articles of commerce,
2. The conduct of research and development,
3. The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce,
4. The sale of services in interstate commerce,
5. Headquarters facilities relating to eligible activities as listed in this section,
6. Telecommunications activities, including services providing advanced telecommunications capability,
7. Tourism related activities,
8. The production of films, including feature, independent, and documentary films, commercials, and television programs,
9. Any business that derives its principal source of income from the construction or rehabilitation of housing,
10. Early childhood care and education programs,
11. A retail trade business that derives its principal source of income from the sale of goods or commodities to ultimate consumers for their own use or consumption and not for resale, and
12. A business shall be a qualifying business even though it derives its principal source of income from activities other than those set out in this section.¹
13. CANNOT be a political subdivision, a state agency, or any other governmental entity, except as allowed for cities of the first class, cities of the second class, and villages for rural infrastructure development as provided for in subdivision (3)(b) of section 18-2705.

Eligible Activities (§18-2705):

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

1. Direct loans or grants to qualifying businesses for fixed assets or working capital or both
2. Loan guarantees for qualifying businesses
3. Grants for public works improvements which are essential to the location or expansion of, or the provision of new services by, a qualifying business
4. Grants or loans to qualifying businesses for job training
5. The purchase of real estate, options for such purchases, and the renewal or extension of such options
6. Grants or loans to qualifying businesses to provide relocation incentives for new residents
7. Issuance of bonds as provided for in the Local Option Municipal Economic Development Act
8. Payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity

¹ Assuming Ord remained under 2,500 inhabitants in the most recent decennial census or the most recent revised certified count by the Bureau of Census.

9. Grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low or moderate income
10. Grants, loans, or funds for rural infrastructure development as defined in section § 66-2102
11. Grants or loans for the construction or rehabilitation for sale or lease of housing as part of a workforce housing plan
12. Grants, loans, or funds for early childhood infrastructure development

Minimum Requirements

The revolving loan fund can provide loans or loan guarantees to any business eligible for assistance under Local Option Municipal Economic Development Act. 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 or projects which will create or retain quality jobs in Ord and the surrounding area.
2. Applications which provide for the expansion, enhancement, or transition of existing businesses in Ord and the surrounding area.
3. New businesses.
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:

Conditions:

1. Loan Amount - 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.
2. Wage Rate - Applying businesses must pay all of their employees at least the current hourly wage required by Neb. Rev. Stat. §48-1203 (minimum wage). No benefit package is required.
3. Equity - Applicant must have 10% equity investment
4. Interest Rate – The interest rate shall be fixed and negotiated on an individual basis; usually one-half the rate of the lending rate for the project at a traditional banking source.
5. Collateral - Security for the loan will include, but not be limited to, Promissory Notes, Mortgages or Deeds of Trust, UCC filings, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.
6. Term – The term shall not exceed 10 years for capital assets and 5 years for loans involving any other asset category.
7. Period of Payment - 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.

Forgivable Loans:

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

1. 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.
2. Level of economic impact to the community.
3. The overall wage levels being paid by the benefited business.
4. Benefited business' commitment to providing a minimum annual wage increase for all employees through a period of time.
5. The level of equity investment by owners.
6. An assessment of the ability of the benefited business to repay the loan if job performance requirements are not met.

Application Requirements:

1. Complete an application that may be obtained from the Economic Development Office, 1514 K Street, Ord, Nebraska, 68862
2. Submit the completed application together with all information as set out below to the Economic Development Office. In addition, the applicant must submit a \$100.00 non-refundable application fee payable to the Economic Development Board as well as the cost of the rate charged by the Nebraska State Patrol for the Criminal History Check. The application will then be compiled by the Director of Economic Development and sent to the Loan Committee for review. Upon completion of the review, the Loan Committee will decide whether or not to recommend the project to the Ord City Council. If the project is not recommended to the City Council for approval the application process ends. However, the applicant may work with the loan committee and submit another application after necessary changes have been made.
3. The Economic Development Director will notify any applicant of the decision of the committee.
4. If the project is recommended to the City Council for approval, the City Council will review the project and recommendations and make the final decision on the project.
5. The applicant will be notified of the City Council's decision.

Information Required:

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

1. Sole Proprietorship:
 - a. Submit a Valley County Economic Development Loan Fund Application.
 - b. Business plan, including projected two year income and expenses
 - c. Two years complete individual federal tax returns (signed).
 - d. Current year-to-date Profit and Loss Statement (signed).
 - e. Recent Balance Sheet (signed) and previous 2 years, if available.
 - f. Credit Bureau Report (CBR).
 - g. Other information as requested.
2. "S" Corporation:
 - a. Submit a Valley County Economic Development loan fund application.
 - b. Business plan, including projected two year income and expenses.
 - c. Two years complete individual federal tax returns, if over 25% ownership (signed).
 - d. Two years complete corporate tax returns (signed).

- e. Current year to date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Articles of Incorporation, By-Laws, and Minutes of last meeting.
- h. Corporate Resolution authorizing loan application and execution of required documents.
- i. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.
- j. Other information as requested.

3. "C" Corporation:

- a. Submit a Valley County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete corporate tax returns (signed).
- e. Current year to date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Articles of Incorporation, By-Laws, and Minutes of last meeting.
- h. Corporate Resolution authorizing loan application and execution of required documents.
- i. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.
- j. Other information as requested.

4. General Partnership:

- a. Submit a Valley County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete partnership returns (signed).
- e. Current year-to-date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Complete partnership agreement.
- h. Credit Bureau Report (CBR) for general partners.
- i. Other information as requested.

5. Limited Partnerships:

- a. Submit a Valley County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns for general partners and for limited partners, if over 25% ownership, and partnerships tax returns (signed).
- d. Complete copy of Partnership agreement.
- e. Credit Bureau Report (CBR) for general partners.
- f. Other information as requested.

6. Limited Liability Companies:

- a. Submit a Valley County Economic Development loan fund application.
- b. Business plan, including two year projected income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete entity tax returns (signed).
- e. Current year-to-date profit and loss statement (signed).

- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Credit Bureau Report (CBR) for managers.
- h. Other information as requested

7. Liability Partnership:

- a. Submit a Valley County Economic Development loan fund application.
- b. Business plan, including two year projected income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete entity tax returns (signed).
- e. Current year-to-date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Credit Bureau Report (CBR) for managers.
- h. 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 beckyries@ordnebraska.com.