



Top 10 Most Frequently Asked Questions about Starting a Business in Colorado

1. Where should I call first when starting a business in Colorado?

You should first consult the on-line Colorado Business Resource Guide, a basic guide to starting a business in Colorado. The guide is customized to include the specific forms and licensing information for each individual business: <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

Once you have a basic idea about your business, the **Colorado Small Business Development Center** (SBDC) nearest you provides free one-on-one counseling services as well as referrals to various government sources of assistance that provide additional business counseling and economic development assistance: <http://www.coloradosbdc.org/Default.aspx>.

Fort Collins-Larimer County Small Business Development Center: www.sbdclarimer.com

If you still have questions, contact the Small Business Hotline, **303.592.5920**, or call **970.498.9295**.

2. How do I get a state business license?

The state of Colorado does not issue or require a generic general business license. Licenses are issued by various state agencies for specific types of business, activities and professions. Refer to the Secretary of State Licensing website or the Business/Corporate Licensing database: http://www.dora.state.co.us/dora_pages/business.htm. For more information, go to: <http://www.colorado.gov/archive/20080527/colorado-doing-business/get-license-permits.html>

3. How do I register my business name or get a DBA (Doing Business As)?

Corporations, Limited Liability Companies, Sole Proprietors, and General Partnerships should register trade names and file organizational paperwork with the Colorado Secretary of State: <http://www.sos.state.co.us/pubs/business/main.htm> (303) 894-2200.

To verify if a name is already being used in Colorado, a business should contact the Secretary of State.

Trade Name Update: Effective May 30, 2006, all registration of trade names formerly with the Department of Revenue moved to the Secretary of State. Please see their Website, <http://www.sos.state.co.us/pubs/business/main.htm>, for more information.

Trade name registration with the Secretary of State does **NOT** establish exclusive rights. However, it is required when doing business under any name other than the first and last names of the owner(s)/organizer(s).

For more information, refer to the **Legal Structure** chapter of the **Colorado Business Resource Guide** <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

4. How do I get a state tax identification number?

You can apply for a state tax identification number using the on-line form **CR 100 - New Employer Registration**: <https://secure.cdle.state.co.us/CR100/>

5. What is the sales tax rate in Colorado?

The state sales tax rate in Colorado is 2.9%. However, sales tax is also collected for counties, cities and special districts. The exact sales tax rate is determined by adding the various rates that apply at the location where a sales transaction is completed. The state collects the majority of all sales taxes. However, there are 43 "home rule" cities that require separate licensing and directly collect their city's portion of the sales tax on all sales made within their jurisdiction.

For example, the total sales tax rate collected by a retail business in Lakewood, a home-rule city, is 6.6% – 2.9% for the state, 1.0% for the Regional Transportation District, 0.1% for the Scientific and Cultural Facilities District, 0.1% for the Metropolitan Football Stadium District, 0.5% for Jefferson County, and 2.0% for the city of Lakewood. All the taxes are collected by the state except for the city tax which is collected directly by the city.

The **Department of Revenue** (http://www.revenue.state.co.us/TPS_Dir/home.asp) publishes the **Colorado Sales/Use Tax Rates, DRP 1002**, which lists the tax rates for all jurisdictions in Colorado: <http://www.revenue.state.co.us/PDF/drp1002.pdf>

Publication DRP 0099, Colorado Sales and Use Tax, (<http://www.revenue.state.co.us/PDF/drp0099.pdf>) and the Colorado Sales Tax chapter of the **Colorado Business Resource Guide** are also available: <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

6. Where do I obtain workers' compensation insurance in Colorado?

Workers' compensation insurance is purchased through private insurance companies in Colorado. There is not a state fund. The Colorado Legislature created **Pinnacol Assurance** (formerly known as the Colorado Compensation Insurance Authority), (303) 361-4000 or 1-800-873-7242, a non-profit insurance carrier, to sell workers' comp. It is not, however, a state agency: <http://www.pinnacol.com/>

Many new businesses frequently obtain their workers' comp through **Pinnacol**; however, it not required that new business use **Pinnacol**. Businesses are encouraged to shop for the best rates and service as they would for any other form of insurance. Consult the yellow pages and speak with other business owners for references.

For information regarding employer responsibilities to provide workers' compensation insurance coverage, contact the **Division of Workers' Compensation**, (<http://www.coworkforce.com/dwc/>) (303) 318-8700 or 1-888-390-7936, or refer to the **Employer Responsibilities** chapter of the **Colorado Business Resource Guide** <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

7. How much is the unemployment insurance tax in Colorado?

For the majority of employers, the beginning base tax rate is 0.017 plus an annually computed surtax. The surtax is currently 0.022 resulting in a combined rate of 0.0192 on the first \$10,000 of each employees' annual earnings. Those employers in construction-related businesses may be subject to a different tax base.

For more information regarding unemployment insurance, contact the **Unemployment Insurance Section**: <http://www.coworkforce.com/uit/> (303) 318-9100 or 1-800-480-8299 (Toll Free) or refer to

the **Employer Responsibilities** chapter of the **Colorado Business Resource Guide**
<http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

8. Where do I get a government grant to start a new business?

Unfortunately, there are really no government grants, state or federal, available for starting a business. There are very specific targeted government grants but they rarely apply to start ups. These grants are called Small Business Innovative Research (SBIR) grants. SBIR grants are usually issued by a federal agency that is seeking research and development in specific areas including military weapons development, biotechnology and other high-tech fields. **SBIR Colorado** 303.427.5226, is a non-profit organization that will assist entrepreneurs, scientists and researchers identify SBIR grant opportunities: <http://www.sbircolorado.org/>

9. Where do I apply for a government loan?

The vast majority of government loans programs, state and federal, are what is called guaranteed loans. To apply for these loans a business owner contacts a bank or other financial institution, and it will apply to the government for a guarantee on the loan. There are also other forms of private financing for business owners. The **Financing** chapter of the **Colorado Business Resource Guide** outlines many of these options: <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662> Before speaking to a bank or any seeking any other type of financing, a business owner should realize two important factors.

1. It is very difficult to finance new businesses. The majority of financial resource for a new business will come from the personal assets of the owner and their family and friends. Banks and the government prefer to see a two or three year business history before making a loan, regardless of the age of a business. While this does not eliminate the possibility of financing, it makes the second factor even more important.

2. A complete and well written business plan is critical to any type of financing. The State of Colorado has a network of **Small Business Development Centers**. These provide free one-on-one counseling to assist business owners write their own business plans: <http://www.coloradosbdc.org/>. The **Business Plans** chapter of the **Colorado Business Resource Guide** provides a basic outline for writing a business plan: <http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1154721645662>

10. Where do I get basic information about the quality of life and the cost of living in Colorado?

The Colorado Office of Economic Development (303-892-3840) publishes the **Colorado Data Book**, a very basic information guide regarding the state of Colorado as a whole:
<http://www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1178305420531>

There are over 50 local economic development offices in Colorado and more than 150 Chambers of Commerce that frequently provide more specific local information..

Larimer County:

<http://www.colorado.gov/cs/Satellite?c=Page&cid=1167928211152&pagename=OEDIT%2FOEDITLayout>

The above FAQ information is available at: <http://www.coloradosbdc.org> (updated 8/2/2007)

For online business information at Fort Collins Regional Library: <http://library.fcgov.com/adult/business>