

Business Development in Downtown Lexington:

A Guide for New and Expanding Businesses



Lexington
Downtown
Development
Authority

Introduction

We appreciate your interest in downtown Lexington. You are not alone; the last few years have seen a renewed interest in our downtown that has resulted in numerous mixed use, residential and entertainment projects. The new residential units have brought in over 1000 people who now call downtown home and on any given night, our downtown core is bustling with patrons of the many restaurant and entertainment opportunities to be found.

This booklet was developed by the Lexington Downtown Development Authority to serve as a guide to the process of opening or expanding a business in our downtown. The mission of the LDDA is to promote development, land uses and activities to make downtown Lexington the lively, thriving stimulating and diverse economic, cultural and residential heart of Central Kentucky. Our staff is committed to the successful development of our downtown and is available to provide assistance.

For more information contact:

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Getting Started

One of the first steps in starting or expanding a business is adequate research and planning.

1. Get Basic Information

- ❖ The U.S. Small Business Administration has a Business Resource Center which provides free access to a variety of information, education and training designed to assist entrepreneurs start, operate and grow their businesses. www.sba.gov
- ❖ Kentucky Small Business Development Center is a wonderful local resource that provides management and technical assistance and training/educational opportunities to future and existing business owners and entrepreneurs. The center offers a variety of low cost training programs taught by industry experts and qualified consultants. Additionally, KSBDC offers over 25 on-line courses available at no cost. The Lexington office is located in the Commerce Lexington building at 330 East Main Street, Suite 210. The office can be reached by phone at 859-257-7666. www.ksbdc.org

2. Develop a detailed Business Plan

Developing a sound business plan is a critical component. Like a roadmap, your business plan will show you where you are in relation to where you want to be. It will allow you to look objectively and see where the strengths and weaknesses are in your business prior to your opening. Furthermore; this document will be a key part of any financial package that you will submit to a bank for loan consideration. Your business plan will cover such details as business description, market analysis, financial management, marketing and day to day operations. Contact the Lexington office of the Kentucky Small Business Development Center for additional information.

3. Choose a Legal Business Structure

Typically the first decision to make when starting a business is choosing the most appropriate business structure. There are basically four primary options for you to choose: sole proprietorship, partnership, corporation and limited liability. It is good business judgment to seek both business and legal advice from an accountant and an attorney before finalizing these decisions and beginning your business. The particular structure you choose may save you money. Additional information can be found at the following: www.sba.gov/smallbusinessplanner/start/choosestructure/index.html or <http://sos.ky.gov/business/filings/entities.htm>.

4. Determine and File Your Business Name

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. For more information refer to the following: <http://apps.sos.ky.gov/business/obdb/guidelines.aspx>.

The type of business structure you chose for your business will determine if and where you need to file your business name. Specific filing instructions can be found online at www.thinkkentucky.com/BIC/structure.aspx.

To register your company name or to incorporate a business, contact the County Clerk's office at (859) 253-3344. The office is located at 162 East Main Street.

On Your Way

5. Select a Site and Determine Zoning and Site Permit Requirements

***Determine zoning requirements *prior* to purchasing or leasing any land/building.**

- ❖ A permit from the Division of Building Inspection is required before a structure may be built, added to, altered, moved or when a change of use is proposed. Permits are also needed for grading, fencing, canopies, signs, outdoor cafes, HVAC and electrical systems. Building Inspection issues Certificates of Occupancy only after all inspections (including Division of Fire) are complete and have been signed off on.

You must also check with the Lexington Fayette Urban County Government to insure the type of business you plan to operate is legal in the desired location. The Division of Building Inspection will determine if the use is appropriate. If additional approval is required, such as Planning Commission, Board of Adjustment or Courthouse Overlay Zone, The Division of Building Inspection will direct you to the appropriate division to obtain approval. Contact:

Division of Building Inspection
101 East Vine Street
2nd Floor
Lexington, Ky. 40507
(859) 258-3770

- ❖ While most permits can be issued through the Division of Building Inspection however, as indicated above, some types of applications may require the review and approval of the Planning Commission or Board of Adjustment. For such cases, the Division of Building Inspection will refer you to the Division of Planning which has a staff member assigned as a facilitator to give hands-on assistance to downtown projects. Contact:

Division of Planning
101 East Vine Street
Suite 700
Lexington, Ky. 40507
(859) 258-3160

- ❖ If your property is located within the Courthouse Overlay District (center of downtown), you may be subject to additional requirements and permits. Contact:

Courthouse Area Design Review Officer
200 East Main Street
9th Floor, Room 936
(859) 425-2227

- ❖ If your property is located in other Historic overlay areas you may be subject to additional requirements and permits. Contact:

Division of Historic Preservation
101 East Vine Street
2nd Floor
Lexington, Ky. 40507
(859) 258-3265

- ❖ To insure a lien has not been placed on the property/building contact:

Division of Code Enforcement
101 East Vine Street
Suite 110
Lexington, Ky. 40507
(859) 258-3270

- ❖ If you are opening an establishment that will serve food or drink you will need a food service permit from the Lexington Health Department. It is advisable to contact this office prior to any construction or remodeling to insure all requirements are covered.

Contact:

Lexington Health Department
Division of Environmental Health
333 Waller Avenue
4th Floor
Lexington, Ky. 40504
(859) 231-9791

6. *Obtain required license(s)*

- ❖ To complete process for obtaining a business license and to register for local occupancy taxes contact:

Division of Revenue
200 East Main Street
Lexington, Ky. 40507

- ❖ If you are planning to sell alcohol at your place of business or to install a dance floor contact:

Lexington Division of Police
Office of Alcohol Beverage Control
(859) 258-3796

7. Employer Responsibilities

A whole new set of responsibilities arise when a business hires employees.

- ❖ Employers must register as an employer and obtain a federal Employee Identification Number (EIN). The EIN, also known as a federal Tax Identification Number is a nine-digit number that the IRS assigns to business entities. The IRS uses this number to identify taxpayers that are required to file various business tax returns. Obtain an Employee Identification Number from the U.S. Internal Revenue Service by calling 1-800-829-4933, completing the Form SS-4 or by submitting an online application. For more information go to:

www.irs.gov/businesses/small/article/0,,id=97860,00.html

- ❖ Verify that potential employees are authorized to work in the United States. Contact:

U.S. Citizenship and immigration Services
Office of Business Liaison
111 Massachusetts Avenue, NW
6th Floor
Washington, DC 20539
1-800-357-2099

www.uscis.gov (click on “For Employers”)

- ❖ Report new hires to the Kentucky New Hire Reporting Center:

1-800-817-2262

www.kynewhire.com

- ❖ Obtain Worker's Compensation coverage for employees. You have several options:
 1. Buying insurance from a private carrier
 2. Buying insurance from Kentucky Employers Mutual Insurance (KEMI)
 3. Joining an approved self-insurance group
 4. Becoming qualified as a self-insured employer by the Kentucky Department of Worker's Claims

Kentucky Department of Labor
Office of Worker's Claims
657 Chamberlin Avenue
Frankfort, Ky. 40601
1-800-554-8601

www.labor.ky.gov/workersclaims/specialists/

- ❖ Register with the Kentucky Office of Employment and Training (OET) to establish a state unemployment insurance account if you have employees subject to unemployment insurance requirements. OET has an Employer Guide that provides detailed information on registration and coverage requirements.

Tax Status and Accounting Branch
Unemployment Insurance
Post office Box 948
Frankfort, Ky. 40602
502-564-2272

OET Unemployment Insurance Employer Guide:
www.oet.ky.gov/des/ui/UI_EmployersGuide_2007.pdf

- ❖ Kentucky employers are required to display certain posters in a conspicuous location at the place of business. Listed below are sources that will provide information on these mandatory posters:

www.labor.ky.gov/osh
www.kchr.ky.gov/reports/posters.htm
www.oet.ky.gov/des/pubs/ul/ui_ben5_10108.pdf

Additional Resources

- **Acce\$\$ Loan Program**—a joint effort between Commerce Lexington and local banks and financial institutions to improve your chances of loan approval.

For more information and to receive a copy of the packet contact Commerce Lexington at (859) 226-1625.