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## Six Steps to Starting a Business in Bend

by Jeff Eager, Attorney at Law

**B**end is an entrepreneurial hotbed. Each month, Bend entrepreneurs start dozens of new businesses ranging from home-based ventures to large, funded software startups. The one thing Bend entrepreneurs have in common, however, is that they want to get their businesses up and running quickly so they can start doing whatever it is they do—and start making money.

Once you know you're going to start a business in Bend, **follow this step-by-step guide** to make sure you're getting off to a good, and *legal*, start.

### 1 Decide what kind of legal entity you want your business to be.

The commonly chosen options include:

- **Sole proprietorship** . . . This is the default if you don't form an actual business entity. In a sole proprietorship, one person—the business owner—is personally liable for the debts and liabilities of the business.
  - *Positives:* A sole proprietorship is the simplest way to start a business, and there are no ongoing maintenance costs or filing fees with the State of Oregon, unless you file an Assumed Business Name (ABN).
  - *Negatives:* Your personal assets like your home, your car, and your personal bank account are at risk of being seized if someone sues your business. This is the reason most business owners choose another option.
- **Partnership** – A partnership is like a sole proprietorship, but with two or more owners. If you start a business with a partner and do not create another kind of legal entity, you have a partnership.
  - *Positives:* A partnership, like a sole proprietorship, is relatively easy to set up. The partners may choose to enter into a partnership agreement to define their ownership percentage and rights and decision making. If the partners do not enter into an agreement, Oregon's partnership statute defines how the partnership works.
  - *Negatives:* Like a sole proprietorship, the primary negative for partnerships is that the partners' personal assets are exposed to people who sue the business. For this reason, we don't often see Bend businesses choose a partnership.

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- **Limited Liability Company** – A limited liability company (LLC) is the simplest form of business entity that provides its owner or owners with a degree of liability protection. A single-member LLC (LLC owners are, generally speaking, called “members”) is like a sole proprietorship, but the member’s personal assets are often shielded from people who sue the business. Similarly, multiple-member LLCs are like partnerships, but with some liability protection for the members’ assets.
  - *Positives:* LLCs provide liability protection and, sometimes, tax benefits (talk to your CPA), and are easy and inexpensive to form and operate. For this reason, LLCs are by far the most common business entity we see operating in Bend.
  - *Negatives:* There is a \$100 filing fee with the Oregon Secretary of State, and the business owner must abide by the terms of the Operating Agreement and Oregon statute in order to preserve liability protections.
- **Corporation** – A corporation is like an LLC, except ownership is held in the form of shares.
  - *Positives:* Compared to the LLC, the corporation’s ownership (shares) is more easily transacted between people (think the New York Stock Exchange). Corporations which elect to be taxed as an S-Corporation also may enjoy some tax advantages (again, talk to your CPA).
  - *Negatives:* Corporations are significantly more complex and costly to form and operate than LLCs, with requirements for annual meetings, amongst other statutory requirements. The cost and relative complexity of formation and operation is why most new small businesses in Bend opt not to form a corporation.

### 2 Register with the Oregon Secretary of State.

Regardless of which of the above options you choose, you will need to register your business with the Oregon Secretary of State. Filing fees vary but are typically between \$50 and \$100.

### 3 Register an Assumed Business Name (ABN) if appropriate.

If you’re going to use a different name for your business than the name of your business entity, Oregon law requires that you register an Assumed Business Name. This applies to all types of business entities. You cannot choose a name that’s already registered with the State of Oregon. You can find an ABN form and search for taken names at the Oregon Secretary of State’s [Business Name Search tool](#).

### 4 Obtain an Employer Identification Number (EIN) from the IRS.

An EIN is like a social security number for a business. All LLCs and corporations must obtain an EIN in order to open a bank account, file taxes and conduct many transactions. Even businesses that do not have employees must obtain an EIN. The good news is it’s easy and fast to [apply for an EIN online](#).

### 5 Obtain a Business Identification Number (BIN) from the State of Oregon.

If your business will have employees (including you), obtain a Business Identification Number (BIN) from the State of Oregon. The BIN is how the state tracks unemployment taxes, amongst other things. You can obtain a BIN from the [Oregon Business Registry](#).

### 6 Register your business with the City of Bend.

All for-profit businesses operating in Bend must register with the city and pay a \$50 fee, with annual renewals (and fees!). You can register your business online through the City of Bend's [Business Registration Program](#).

Most Bend businesses who complete those steps will have met all the legal requirements to operate a business in Bend, Oregon. Of course, if your business is one that provides licensed services, such as a law firm, or dental practice, or construction contractor, you need to complete your licensure and bonding or insurance obligations. There are additional steps for all other highly regulated industries as well.

***But for most, if you follow this guide, you'll be ready to stop worrying about set-up and start worrying about running your business.***

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