



MICROBUSINESSES

Smallbusinessbank.com says:

Micro Business Vs. Small Business

Micro Business and Small Business: is there a difference? While the two may seem similar, it's worth distinguishing them from each other. Both types of businesses, Micro Businesses in particular, are forever redefining the American workforce and the economy as a whole. *So which are you: a Micro or a Small Business owner?*

Micro Business

A Micro Business can be described as a business that has only one owner, with a total of up to five employees *including* the owner.

More and more people of every age, particularly women and minorities, are starting their own Micro Businesses because of the upward mobility and flexibility that they provide. You can do things on your terms, according to your skills and your passions. As such, Micro Businesses are becoming too important to ignore.

Representing a staggering **92% of all U.S. businesses**, Micro Businesses are changing the dynamics of income, wealth creation and quality of life in America like no other business factor.

They've had a profound impact on American job growth, contributing to the creation of **over 26 million jobs**, the most of any industry. As a result, they've also contributed to the creation of 1.9 million indirect jobs and 13.4 million induced jobs. In fact, if each Micro Business owner in America hired just *one* person, we would reach full employment in America.

Small Business

A Small Business, can be described as a for profit business that is independently owned and operated and not dominant in its field. Small Businesses typically have more than five employees but can have as many as 500 employees, depending on the industry and the product produced.

Over **22 million Small Businesses** exist in the U.S. They are responsible for creating **64% of new jobs** in the last 20 years, and for providing the most new jobs in small communities.

solutions, you'll have a a cache of resources to help support you in all your business endeavors



Quickbooks says:

If your business runs on an extremely small scale, you may actually be considered a micro business. This smaller classification of a small business means you operate with a very minimal amount of staff, receipts, and business activity. Although the difference in classification may not seem too important, there are a number of things to keep in mind if you do operate a micro business.

Micro Business vs. Small Business

All [micro businesses](#) are small businesses. The only difference is a micro business is a subset of the small business community based on the number of employees within the company. While your company can technically be considered a small business even if it has dozens of employees, your business is a micro business if you employ less than six people. If you are a sole trader, self-employed, or have no employees, you operate a micro business. There are other guidelines that can also define whether your company is micro or small. If your company required less than \$50,000 to start or if your company does not access traditional capital loans, you are running a micro business.

Challenges of Micro Businesses

A micro business faces additional challenges that other businesses, including larger small businesses, do not face. You will have a harder time hiring employees and drawing in talent because of your lack of exposure. For the same reason, micro businesses do not have the same customer reach as larger companies. Traditional financial institutions may refuse to issue loans if your business is too small. Micro businesses have a harder time developing lines of credit with vendors because of the increased risk of default.

Micro Business Taxation

The taxes you pay on the earnings of your micro business are potentially not treated too differently than any other small business. If you incorporate your business, it is taxed at corporate tax rates. If you choose to operate as a sole proprietorship, you are taxed at your personal tax rate. Most [micro businesses](#) are more likely to operate under this structure because it takes less effort to register and file paperwork, but the business structure you choose for your micro business, or any small business, changes the way your taxes are assessed.

Payroll

Micro businesses are in a unique position regarding payroll. You may have a few employees; this requires you to perform payroll functions and pay required [payroll taxes](#), but you may not have enough employees to warrant a large-scale payroll system or reporting system. Your micro business is better-suited with a flexible system that doesn't



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require a lot of setup. As your business grows, having a larger infrastructure becomes more important, but it's hard to justify a large-scale implementation for a minimal need.

Cost Cutting While Maximizing Revenue

Your micro business will have different operating goals than a larger business. It will have less expenses than a larger company. Because of this, your goal should be to increase revenue. While many businesses try to cut costs, your costs are probably already low. As such, a major difference between a micro business and a small business is the way the micro business improves its bottom line. Bigger companies can trim operations; micro businesses must grow them. A micro business may just be a specific type of small business, but it faces unique challenges that force it to operate in ways different than other companies.

Microbiz.org says:

Micro enterprises or micro-businesses are everywhere in California – the organic tomato farmer at the Saturday market, the childcare center at work, the technology service firm who fixes your computer when it crashes, your favorite neighborhood restaurant, or the new sophisticated ice cream truck.

A micro-business is a firm with five or fewer employees, started for \$50,000 or less in initial capital and that may not have access to traditional commercial loans. Micro Enterprises start small, but can grow quickly into large job-generating businesses. In fact, 85% of all businesses in the U.S. are micro! These very small firms generate close to 25% of all jobs in our economy.

- 4.2 million Californians are employed by micro-businesses.
- 3 million micro-businesses are sole proprietors.

Micro Enterprise development organizations provide comprehensive services to help entrepreneurs start and grow micro-businesses. These services include business planning, management training, market research, networking, business incubation, and loan packaging as well as financing of microloans. Many are non-profit and work for the best interests of their clients.

Micro-business development has been growing for the past 25 years in the U.S. as a means to change economically distressed communities by supporting the start up and growth of new businesses, jobs and revenues. In the U.S., the field has gone way beyond noble efforts to boost entrepreneurship in traditionally poor, developing countries.



RECOMMENDATIONS

The only limitation on Microbusinesses (aside from regulatory constraints) seems to be a 10,000 square foot limit on cultivation.

The Bureau has determined that cultivation is not a required activity for a Microbusiness applicant.

In the name of clarifying the definition and realistically setting parameters for the small operator, we propose that:

CANNABIS THAT MAY BE USED BY A MICROBUSINESS

1. ALL Microbusiness licensees may only outsource material from other licensed cultivators whose aggregated canopy is 10,000 square feet of canopy or less.
 - a. For example from one licensee that cultivates 10,000 square feet or from four licensees that cultivate 2,500 square feet of canopy each etc..
 - b. Microbusiness licensees who include cultivation as an activity may also outsource additional material as described above.
 - c. Notwithstanding, Microbusiness licensees who include manufacturing, and can demonstrate the capability to do so, may outsource additional cannabis that has been tested and found unsuitable due to natural pathogens (not pesticides) for remediation.

PREMISES OF A MICROBUSINESS

2. The overall premises of a Microbusiness need not be restricted to a single parcel but rather may include another parcel or parcels, under the ownership or control of the Microbusiness licensee, for an accessory premises. An accessory license may be granted for accessory premises for an activity on separate parcel limited to one accessory license per activity.
- (3) (A) "Microbusiness," for the cultivation of cannabis on an area less than 10,000 square feet and to act as a licensed distributor, Level 1 manufacturer, and retailer under this division, provided such licensee can demonstrate compliance with all requirements imposed by this division on licensed cultivators, distributors, Level 1 manufacturers, and retailers to **the extent the licensee engages in such activities**. Microbusiness licenses that authorize cultivation of cannabis shall include the license conditions described in subdivision (b) of Section 26060.1.
- (B) In coordination with each other, the licensing authorities shall establish a process by which an applicant for a microbusiness license can demonstrate compliance with all the requirements under this division for the activities that will be conducted under the license.
- (C) The bureau may enter into interagency agreements with licensing authorities to implement and enforce the provisions of this division related to microbusinesses. The costs of activities carried out by the licensing authorities as requested by the bureau pursuant to the interagency agreement shall be calculated into the application and licensing fees collected pursuant to this division, and shall provide for reimbursement to state agencies for associated costs as provided for in the interagency agreement.



(ap) "Premises" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the applicant or licensee **where the commercial cannabis activity will be or is conducted.** The premises shall be a contiguous area and shall only be occupied by one licensee.

BCC Regulations say:

§ 5025. Premises (a) **Each license shall have a designated premises for the licensee's commercial cannabis activity, which is subject to inspection by the Bureau.**

Nothing is preventing the Bureau from creating an accessory license for an individual activity within the Microbusiness license, should there be a necessity or desire to perform an activity at a premises/location other than the primary premises/location.

It is worth noting that a Microbusiness may be in and of itself an accessory use (Home Occupation or Cottage Industry) with the Primary use being Residential. The Home may be the primary Microbusiness license premises.

SECURITY

3. The local jurisdiction shall be responsible for the review and approval of the applicant's Security Plan.
 - a. This plan shall be "Site Specific" based on circumstances and conditions pertaining to the premises for the activity.
 - b. The approved Security Plan shall not create an undue burden or hardship to the licensee.
 - c. The Security Plan shall include language pertaining to the treatment of cannabis waste and destruction.

INSURANCE

4. Insurance limits shall be tiered and in direct relationship to the gross receipts of the Microbusiness.

SPECIALTY MEDICINES

5. Medical Microbusinesses may produce small quantities of specialized medicine with specific potency and/or cannabinoid ratio and/or delivery methods (eg. suppositories) from batches of medicines that have been previously tested for compliance without having the additional expense of compliance testing for the finished product.
 - a. These specialty small quantities may be used for individual patients with specific needs or for research.
 - b. Aggregated quantity of the cannabis products used to formulate these specialty medicines shall not exceed 40 grams per production run.
 - c. These specialty formulas are limited to three (3) inactive ingredients and no additional active ingredients.



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- d. Amounts of previously tested product used for these specialty medicines shall be entered and recorded using the track and trace system.
- e. These specialty medicines may only be sold by a Medical Retail licensee or Medical Microbusiness that chooses the retail activity.

TESTING PROCEEDURES

- 6. Microbusinesses may be allowed to bring batches to a third party testing facility to reduce costs.
 - a. Batches for Microbusinesses will, likely, be small.
 - b. Compliance costs per batch will remain the same.
 - c. A Microbusiness that includes distribution as an activity may be able to make plausible arrangements, with the third party testing agency, to deliver the cannabis products for compliance testing in a lockable trailer that would have a security seal applied after sample retrieval and until the testing quarantine is complete.
 - d. Transportation manifest would be required to be generated and recorded with Track and Trace system with a notation “for testing”.
 - e. Video procedures may be done with a remote camera.