

Financing Alternative Dry Cleaning Machines

The purpose of this document is to provide information on financing programs available to dry cleaners for purchasing dry cleaning machines in order to comply with the requirements under the Airborne Toxic Control Measure for Emissions of Perchloroethylene (Perc) from Dry Cleaning Operations (Dry Cleaning ATCM).

The Air Resources Board (ARB) approved the amendments to the Dry Cleaning ATCM on January 25, 2007. These amendments became effective on December 27, 2007. The amendments require Perc dry cleaning machines that are operating in co-residential facilities, converted dry cleaning machines, and dry cleaning machines that are 15 years or older in age to be removed from service by July 1, 2010. For simplicity, this document is presented in question and answer format using commonly asked questions about financial assistance.

What kind of dry cleaning machines can I purchase?

You can purchase any dry cleaning machine that does **not** use the **Perc** solvent. Following is a list of the available alternative dry cleaning solvents being used in California. Other than water-based and CO₂, the other alternative solvents listed below may have toxicity concerns. More detailed information on each of these solvents can be found in our fact sheets at <http://www.arb.ca.gov/toxics/dryclean/pub.htm>.

- *Water-Based Cleaning*
- *Hydrocarbon Solvents*
- *Rynex™*
- *Solvair™ (dipropylene glycol normal butyl ether/CO₂)*
- *Carbon Dioxide (CO₂)*
- *GreenEarth® (Volatile Methyl Siloxane)*
- *1-Bromopropane (n-propyl bromide)*

Where do I go to purchase these machines?

You can go to a dry cleaning equipment distributor to purchase dry cleaning machines. Dry cleaning machine manufacturers are not based in California. All commercial dry cleaning machines are manufactured out of the country with the exception of a very few water-based cleaning machines. Most of the machines come from Italy, but some will come from Germany, China and Korea. In California there are an estimated 25 dry cleaning equipment distributors. Many of these are very small distributors. About half of these distributors market Southern California and the other half market Northern California. When purchasing a machine, a distributor will assist a dry cleaner in acquiring financing through lending companies they work with that offer loans or leasing programs. You may view a list of distributors and their contact information at <http://www.arb.ca.gov/toxics/dryclean/dryclean.htm> under Program Links.

What type of financing is available?

In most cases, the dry cleaning machine distributors will direct you to a number of financial institutions who provide loans and leases to dry cleaners. In general, financing can come in the form of a loan, a lease, a cash advance, or even a grant. Below is a brief description for each of the forms of financing.

- **Loans** are available to all facility owners at different interest rates depending on their credit scores, their income, and their debt history. The better the credit score and background check the lower the interest rate. Interest rates can be as low as 8 percent and as high as 18 percent. Currently facility owners will receive a low interest rate if they show a credit score above 700. Those with less than a 700 will be more likely to get a higher interest rate. There have been instances where a facility owner with a credit score between 640 and 700 can qualify for the better interest rate if they show a good steady income and no debt defaults.

- **Leasing** is also available when purchasing a machine. Lending companies will offer a lease-to-own option. Under this program, the leaseholder has the option of purchasing the equipment at the end of the contract for one dollar or in some cases 10 percent of the current value of the equipment. The main difference between a loan and leasing is the tax implication. If leasing the equipment, the equipment write-off is tied to the lease term, which can be shorter than IRS depreciation schedules, resulting in a larger tax deduction each year. With a loan the facility owner may claim a tax deduction for a portion of the loan payment that represents interest and for depreciation which is tied to IRS depreciation schedules. For more details and to verify the tax implication facility owners should consult a tax attorney or specialist. The approval qualifications for a lease are the same as a loan.
- **Cash Advances** will provide a business owner an advance based on future credit card sales. The money is advanced to the business owner by purchasing an agreed amount of future credit card receivables. It is repaid with a small, fixed percentage of owners daily credit card transactions until the advance is satisfied. Please visit our website at <http://www.arb.ca.gov/toxics/dryclean/cashadvances.htm> for a list of companies who offer cash advances.
- **Grants** are different then loans or leases in that if a dry cleaner qualifies to receive a grant the money is a form of financial aid that does not need to be repaid. Currently there are grants available through the State of California, local government agencies, and local utility companies. A list of available grants and financial assistance can be found at the following website: <http://www.arb.ca.gov/toxics/dryclean/ab998.htm>.

There are several lending companies as well as federal and state programs that will work with dry cleaners in assisting them with a loan or a lease. Listed below are a few of the resources available to assist dry cleaners in acquiring financing.

	Contact Information
Lending Companies	
Trinity, A division of Bank of the West	Anne Rodriguez: (800) 841-4433; arodriguez@trinitycapital.com
TCF Equipment Financing	Jackie Lee: (646) 290-5050; jlee@tcfef.com www.tcfef.com
Emerson Capital	Doug Adams: (847) 242-0229
Eastern Funding	(212) 819-0469 www.easternfunding.com
UniMac Funding	www.unimac.com/funding
American Leasing Company	David Wong: (209) 833-6617
Opportunity Fund	www.opportunityfund.org
Federal and State Government Programs	
Non-Toxic Dry Cleaning Incentive	Hafizur Chowdhury: (916) 322-2275 hchowdhu@arb.ca.gov http://www.arb.ca.gov/toxics/dryclean/ab998.htm
Minority Business Development Agency	U.S. Department of Commerce: http://www.mbda.gov
U.S. Small Business Administration	http://www.sba.gov/ca
CA Small Business Loan Guarantee Program	http://www.calbusiness.ca.gov/cedpgybfasblgp.asp
California Capital Access Program	Nancee Trombley: (916) 651-8663 http://www.treasurer.ca.gov/cpcfca/calcap.asp

Where can I get more information?

Please visit our website at <http://www.arb.ca.gov/toxics/dryclean/ab998.htm> where you will find additional information on financial assistance to the dry cleaning industry. For information on the Dry Cleaning ATCM requirements please visit our dry cleaning website at <http://www.arb.ca.gov/toxics/dryclean/dryclean.htm>.

Listing of company names or services does not imply ARB endorsement or recommendation of any kind. Users of any of the companies should use due diligence in evaluating offerings from these companies. Companies not listed here may email us at dryclean@arb.ca.gov and request to be added.