

Starting a Business in Newark A Resource Guide



**Welcome to the City of Newark
and our business community.**

This prospectus is designed to guide you along and assist in operating a business in Newark. There is a lot of information here; you are encouraged to use it. We want your experience in the City to be positive and we want your business to be successful. If you have any questions whatsoever about any of our regulations or other commercial requirements, start by contacting the Assistant Planning Director at (302) 366-7030, who will walk you through the City business development process.

I am sure you will soon realize that the City and surrounding area provide unlimited cultural and social activities, top rate educational and higher learning opportunities, and excellent medical facilities. You have made a good choice. Our goal is that you enjoy doing business in Newark.

Again, welcome.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl F. Luft". The signature is written in a cursive style with a long horizontal stroke at the end.

Carl F. Luft
City Manager

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Determining City Regulations

The city has certain requirements for all new business openings within its limits. You may call the numbers listed below, or visit the Municipal Building located at 220 Elkton Road, at the intersection of Apple Road. Our business hours are 8:30 a.m. to 5:00 p.m. Monday through Friday.

Zoning Requirements

First, consult the Planning Department to verify if your proposed business meets the use, area, and parking requirements for the zoning district in which your establishment is located. The Planning Department is located on the second floor of the Municipal Building. Telephone 366-7030 to inquire about zoning, subdivision, parking waivers, or special use permits. Application forms and informational materials are available, and our staff will be happy to speak with you about your proposed business. The Planning Department's website is <http://www.cityofnewarkde.us/index.asp?NID=59>

Building, Occupancy, and Sign Permits/Fire Licenses

Next, check with the Building Department to determine if your new business requires a permit. A building permit may be needed if your location involves new construction, alterations, or additions. A permit is required when repairs or additions are made that impact the plumbing service, mechanical system, and structural portions of the building, or change any means of egress or the footprint of the building.

Signs are regulated by type and size.

A fire license is required for certain types of businesses with large numbers of people present, or for those which involve hazardous materials or processes.

Information and application forms are available for required permits and licenses in the Building Department on the second floor of the Municipal Building, or call 366-7075. The Building Department's website is <http://www.cityofnewarkde.us/index.asp?NID=24>

Business License

The city requires licenses for businesses operating in Newark. Business fees are based upon estimates of demand and cost for municipal services related to specific business classes, plus the occupancy/employment level. Licenses are renewed annually. Applications are available in the Finance Department on the first floor of the Municipal Building, or call 366-7080. The Finance Department's website is <http://www.cityofnewarkde.us/index.asp?NID=57>

Utilities, Trash Collection

New business owners must open electric accounts at the Finance Department on the first floor of the Municipal Building. The amount of deposit to open the account is determined by the nature of the business. Electric use is billed monthly. Sewer and water accounts must be opened by the owner of the building, and are billed to the owner.

The city is no longer accepting new business trash collection accounts. Business owners need to make arrangements for trash collection with a private collector.

Police

The Police Department, through the Crime Prevention Section of the Administration Unit, provides a building security survey/inspection tailored to fit the needs of your business. An officer can visit the premises to conduct an on-site inspection and give suggestions for crime prevention measures such as proper security locks, as well as crime prevention tips for burglary, robbery, graffiti, and vandalism. For further details, contact the Police Department at 366-7111 to schedule an appointment. The Police Department's website is <http://www.cityofnewarkde.us/index.asp?NID=17>

Starting Your Business

Checklists for Going Into Business

Follow each of these steps in sequence for proper registration with tax agencies and receipt of all required forms.

1. Chose the **Type of Structure** that best suits your needs:
 - Sole proprietorship (the simplest form of business organization)
 - Partnership, or Limited Liability Partnership
 - Corporation, or Limited Liability Corporation

Because there are advantages and disadvantages with each structure, consult an attorney for legal advice. Any person, sole proprietorship, or corporation may incorporate under Delaware Law by filing with the Secretary of State. Corporations must maintain an office located in Delaware (P.O. Box will not suffice), maintain a registered agent, submit an annual report, pay a franchise tax, and, if operating in Delaware, pay a corporation income tax. It is a good idea to consult with a corporate lawyer before starting up. You can receive forms and assistance by contacting:

Secretary of State
Division of Corporations
P.O. Box 898
Dover, DE 19903
Tel: (302) 739-3073
<http://www.state.de.us/corp/>

2. Call or visit your local IRS office to get an IRS **Employee Identification Number** (EIN). The IRS, Social Security Administration, and the Division of Unemployment Insurance, use an EI Number to identify businesses on all returns, statements, and other documents. Applying for an EI Number should be one of your first steps to starting a business. You must file form SS-4 which may be obtained from your local IRS Office

(no cost involved). The Office also has other forms with instructions that are required for a new business. A sole proprietor with no employees may use his/her social security number for filing tax returns. The Federal EI Number is also used as your Delaware EI Number for state withholding. You must apply for a separate employer ID number for State Unemployment Insurance Tax payments. The IRS conducts seminars and issues publications describing the forms necessary to start a business.

To obtain a Federal EI Number, contact the IRS at:

Federal Office Building
844 King Street
Wilmington, DE 19801
Tel: (800) 829-3676
<http://www.irs.gov/businesses/small/article/0,,id=102766,00.html>

to request Form SS-4. It will take approximately six weeks for the IRS to reply after you mail them the application. To save time, you can get your EIN by telephone. After you have received the SS-4 and completed it, call the IRS at (215) 516-6999 on weekdays from 7:30 a.m. to 12:30 p.m. and they will provide instructions.

3. After you have received your federal EIN, contact the Delaware Division of Revenue office for a **Business License** at:

820 North French Street
P.O. Box 2340
Wilmington, DE 19899-2340
Tel: 577-5800
<http://www.state.de.us/revenue/>

Most occupations and businesses require the purchase of a license in order to operate legally in Delaware. Therefore, any individual operating as sole proprietor, partnership, or corporation engaged in business activity must obtain a Delaware business license. In addition, most businesses are liable for a monthly gross receipts tax at varying tax rates depending on the business activity. Ask the Division of Revenue to send you a Combined Registration Application (CRA). This form will get you a state business license and gross receipts tax coupons as needed.

4. By law, any non-incorporated business entity (sole proprietorship or partnership) must also register with the **Prothonotary** at the local county office of the Superior Court. Go to the:

Prothonotary's Office
Wilmington Public Building
11th & King Streets
Wilmington, Delaware
Tel: 577-6470

<http://www.state.de.us/sos/npnccpro.shtml>

to fill out the form and do a name search to be sure you have chosen a new name. Take a check and identification, because the form has to be notarized.

5. Consult with the **City of Newark** to determine which local regulations are applicable to you. See the first section of this document.

6. If the business with have **Employees:**

(a) **Unemployment Insurance.** All employees must file Form UC-1 and are liable for unemployment insurance taxes with respect to any calendar year if they:

- pay wages of \$1,500 or more during any calendar quarter in that year or
- employ at least one person for 20 days during such calendar year, each day being in a different week.

For detailed information regarding the Unemployment Insurance Program, contact:

Department of Labor
Division of Unemployment Insurance
P.O. Box 9950
Wilmington, DE 19809
Tel: 761-8482 (Tax Questions)
Tel: 761-8351 (Benefit Questions)
<http://www.delawareworks.com/unemployment/welcome.shtml>

(b) **Workman's Compensation.** All employers are subject to the Delaware Workers' Compensation Law, which protects employers from employee liability for work-related injury and disease. This law provides prompt and reasonable income and medical benefits to work-related accident victims or their dependents. Any authorized independent insurance agent can provide the coverage. For additional information contact:

Division of Industrial Affairs
Office of Workers' Compensation
4425 N. Market Street
Wilmington, DE 19802
Tel: 761-8200
<http://www.delawareworks.com/industrialaffairs/services/workerscomp.shtml>

(c) **State Withholding Taxes.** Every employer is required to register with the Delaware Division of Revenue. Employers will use the EIN or social security number for identification. A booklet is available from the Division of

Revenue entitled *Withholding of Delaware Income Tax, Regulations, Employer's Duties, Withholding Tables*. Be sure to file Form CRA, Combined Registration Application, notifying the State that you are an employer. You will then receive the proper forms to pay taxes. Direct any questions to:

Division of Revenue
Carvel State Office Building
820 North French Street
P.O. Box 8750
Wilmington, DE 19899-8750
Tel: 577-5800
<http://www.state.de.us/revenue/>

(d) For **new hire reporting**, supply W-4's to:

Division of Child Support Enforcement (DCSE)
P.O. Box 913
New Castle, DE 19720
Tel: 577-4815 Fax: 577-4848
<http://www.dhss.delaware.gov/dhss/dcse/>

(e) Having a written **employee policy manual** will save you lots of trouble down the road. Call the Department of Labor for help. The Department of Labor's website is <http://www.delawareworks.com/>

7. Trademarks. Should you register your trademark(s) with the U.S. Patent & Trademark Office (PTO)? Yes, if your business, especially a consumer business, uses a name or symbol worth protecting and if you sell beyond the local area. If you plan to stay small and local, it probably does not matter.

The PTO number is (800) 786-9199. Request the pamphlet *Basic Facts About Trademarks*, which includes an application and guidelines.

The PTO website is <http://www.uspto.gov/>

The Newark Market

Retail Report

The Newark Planning Department can make available copies of detailed *Retail Report* concerning the characteristics of downtown Newark primary retail trade area. The *Report* was prepared for the City of Newark and its Downtown Newark Partnership by specialists in local economic development. The *Report* contains profiles of the Newark area retail customer base and estimates of retail dollars that can be expected to be spent in Newark – including estimates of retail dollar expenditures in 24 classes of retail goods.

The Planning Department also has general related demographic and economic data and projections for the Newark community. For copies of the *Retail Report* and other information, contact the Newark Planning Department at 366-7030. The Planning Department's website is <http://www.cityofnewarkde.us/index.asp?NID=59>

Developing and Expanding your Business Skills

There are numerous organizations in Delaware which were established to help new businesses get off the ground. They are eager and ready to make available for you information covering every aspect of business expertise. Do not hesitate to take advantage of these opportunities!

Delaware Small Business Development Center Network

As a new or growing small business in Delaware, make the SBDC your first contact for information and guidance. This organization provides management assistance, as well as free one-on-one confidential counseling covering loan packaging, recordkeeping, financial analysis, marketing, and other topics.

Starting Out in Business is a monthly seminar the SBDC has developed to help future businesses get started on the right foot. The seminar is held in the evening, and offered in each county. The Small Business Resource and Information Center noted below also contains a business library and computer lab, where you can write your business plan, research your business, try out accounting software, or search business directories for sales leads. *Focus*, a quarterly small business newsletter, contains informative articles, training course schedules, and business tips. To obtain information about any SBDC service, contact:

<http://www.delawaresbdc.org/>

Small Business Resource & Information Center
1318 N. Market Street
Wilmington, DE 19801
Tel: 571-1555 Fax: 571-5222

University of Delaware
102 MBNA Hall
Newark, DE 19716
Tel: 831-1555 Fax: 831-1423

Delaware Economic Development Office

DEDO's Business Section provides support for the creation of new businesses, and provides assistance with permitting and regulatory issues. The Workforce

Development Section assists employers by providing information regarding the labor market, community resources, and wages. Contact DEDO at:

<http://www.state.de.us/dedo/>

Carvel State Office Building
820 North French Street
Wilmington, DE 19801
Tel: 577-8477

Or

99 Kings Highway
Dover, DE 19901
Tel: 739-4271 Fax: 739-5749

U.S. Small Business Administration

The SBA Office of Business Initiatives offers a resource directory for small business management which covers such topics as financial management, planning, marketing, inventions, and personnel management. Publications and videotapes for starting and managing a successful small business can be ordered for a fee. To request the order form call the SBA Answer Desk at 1-800-UASKSBA or your local SBA office at:

<http://www.sba.gov/obci/index.html>

824 Market Street
Wilmington, DE 19801
Tel: 573-6294

SCORE

The Service Corps of Retired Executives is a nonprofit organization sponsored by the U.S. Small Business Administration. Its 13,000 retired and active business executives provide free, confidential counseling. They define and analyze your problems, and help you find solutions based on their experience with similar situations.

Contact the SBA SCORE office at:

824 Market Street
Wilmington, DE 19801
Tel: 573-6552
<http://www.scoredelaware.org/>

Delaware Technical & Community College

DelTech, in association with the Small Business Alliance of the Delaware State Chamber of Commerce, has established the Small Business Management Certificate Program specifically for those who have been engaged in the day-to-day management and operation of a small business for at least three years. Another program, Starting Your Business, is aimed at those just starting out. All courses are presented by instructors with small business experience. For information, contact the nearest DelTech campus at:

400 Stanton-Christiana Road
Newark, DE 19713
Tel: 830-5206
http://www.dccc.edu/catalog/career_programs_cert.html#small_business

YWCA of New Castle County

In Partnership with the Delaware State Chamber, New Castle County, and the U.S. Small Business Administration, the SBA operates the Office of Women's Business Ownership.

This program provides technical assistance, training, referrals, and related information. In addition, the Y's Women's Center for Economic Options offers an array of career, business, and asset development programs. For information about these programs, contact the Y at:

233 King Street
Wilmington, DE 19801
Tel: 658-7161 Fax: 658-7547
<http://www.ywca.org/site/pp.asp?c=gjIQI4PKKoG&b=1721117>

Financing Your Small Business: Delaware's Funding Resources

U.S. Small Business Administration

The SBA offers several loan guaranty programs which are available through your local bank, as well as special loan programs for women and minorities. Contact the SBA at:

824 Market Street, Suite 610
Wilmington, DE 19801
Tel: 573-6381 Fax: 573-6060
<http://www.sba.gov/>

Delaware Economic Development Office (DEDO)

DEDO's **Delaware Access Program** provides financing for small businesses when 100% financing cannot be obtained through a bank. Any commercial, industrial, or agricultural Delaware business is eligible to participate.

The **Economic Development Loan Program** is aimed at small businesses to finance both working capital and fixed assets.

An **SBIR Bridge Grant** assists applicants located in or relocating to Delaware, with a normal project range up to \$50,000.

DEDO also sponsors **IRB Industrial Revenue Bonds** for manufacturing concerns, first-time farmers, and other organizations, with a normal project range of \$750,000 to \$10,000,000. The State or local authority issues tax-exempt revenue bonds for eligible participants. Funds may be used for fixed assets, land/building acquisitions, renovation, and other approved categories including construction, machinery and equipment.

For further information, contact DEDO at:

99 Kings Highway
Dover, DE 19901
Tel: 739-4271 Fax: 739-5749
<http://www.state.de.us/dedo/>

Delaware Innovation Fund

Eligible companies must reside in Delaware, or relocate a portion of their operations to Delaware. Normal project range is \$25,000 to \$500,000. For further information, contact DIF at:

100 West 10th Street
Wilmington, DE 19801
Tel: 777-1616
<http://www.difonline.com/>

First State Community Loan Fund (FSCLF)

The FSCLF sponsors several funds for Delaware businesses. The **Business Growth Fund** offers direct loans to develop businesses which improve communities, with a maximum \$50,000 project range.

Working together with the YWCA of New Castle, the FSCLF offers the **Capital Works Team Success Loans** with a maximum \$6,000 range, and the **Capital Works Owner Option Loans** for Delaware-based businesses over 6 months in business, with a maximum \$10,000 range.

Contact the FSCLF at:

100 West 10th Street
Suite 105
Wilmington, DE 19801
Tel: 652-6774 Fax: 656-1272
<http://www.firststateloan.org/>

Various Commercial Lending Institutions

Low Documentation Loans are offered to start-up and existing businesses, with a maximum of \$150,000 range. This type of loan reduces the paperwork involved in the loan process to a one-page application that relies on the strength of the applicant's character and credit history.

Contact your bank or any Delaware lender.

Supportive Business Organizations

Downtown Newark Partnership

The DNP is a new private-public partnership dedicated to the visual and economic enhancement of downtown Newark. A National Main Street Program affiliate, the Partnership provides an opportunity for representatives of the business and residential communities to work with the University of Delaware and City personnel to improve the downtown area. The Partnership will also assist the City with its efforts to manage downtown parking. Call the Planning Department at 366-7030 for details about the Partnership and parking waiver information. The Downtown Newark Partnership's website is <http://newark.de.us/downtown/>

New Castle County Chamber of Commerce

The Small Business Department at the Chamber serves as a vital resource for the small and mid-sized business community. Through executive roundtables, networking breakfasts, seminars, business publications, and one-on-one counseling, the County Chamber keeps its members informed and helps them to grow their business. Contact the Chamber at:

630 Churchman's Road
Wilmington, DE 19850
Tel: 737-4343 Fax: 737-8450
<http://www.ncccc.com/>

Delaware State Chamber of Commerce

The State Chamber was created to enhance the competitiveness of the small business community by providing services, information, and legislative advocacy. In recent years, the State Chamber has focused on supporting small business and minority business ownership with the creation of the Small Business Alliance and the Hispanic Business Alliance as a partner in the Micro-Business Chamber of Commerce. The State Chamber welcomes Delaware women, minority, and microbusiness owners. Contact the State Chamber at:

1201 N. Orange Street
Wilmington, DE 19801
Tel: 655-7221 Fax: 654-0691
<http://www.dscc.com/>

Business Incentives

State of Delaware

Corporate income tax credits and gross receipts tax reductions are available to targeted industries that locate in a targeted area. In addition, selected commercial and retail businesses that locate in one of the 30 targeted census tracts, and meet the minimum investment and employment criteria, qualify for corporate income tax credits of \$400 for each new qualified employee and \$400 for each \$100,000 investment. These businesses also qualify for the ten-year reduction in gross receipts tax.

Before any corporate income credits or license gross receipts reductions can be taken, the business must apply to the Division of Revenue, which will review the application and arrange for a site visit at the facility if necessary. All necessary forms are available at:

Division of Revenue
820 North French Street
Wilmington, DE 19899
Tel: 577-5800
<http://www.state.de.us/revenue/>

City of Newark

Partial tax exemptions are available for all new construction and/or improvements to existing commercial structures that are zoned for business in Newark's central commercial district. This partial tax exemption from City of Newark real estate taxes is granted for the **increase** in assessed valuation of the property attributable to the new construction for a ten-year period, starting at 100% for the first fiscal year and decreasing 10% annually through the ten-year period. In addition, improvements to existing historic commercial structures are eligible for partial exemption from City of Newark real estate taxes. Please contact the Finance Department on the first floor of the Municipal

Building, or call 366-7080. The Finance Department's website is <http://www.cityofnewarkde.us/index.asp?NID=57>

The City of Newark, using Federal Community Development Block Grant monies, operates a 0% interest loan program for façade improvements. Newark property owners and businesses may qualify for loans up to \$2,000 for each project. Eligible activities include painting, siding, signs, landscaping, doors, window treatments, awnings, canopies and lighting. Contact the Planning Department at 366-7030 for more information. The Planning Department's website is <http://www.cityofnewarkde.us/index.asp?NID=59>

This guide was prepared by the City of Newark Planning Department on behalf of the Downtown Newark Partnership. The Partnership is a tri-partite nonprofit organization of the City of Newark, local business, and the University of Delaware. Assistance for this guide was provided by volunteer members of the Downtown Newark Partnership Economic Restructuring Committee.

This publication does not replace or substitute for any City or State *Code* requirements. You may need to consult the relevant City ordinances or State laws for further details.

City of Newark
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