

Starting a Business in Newark A Resource Guide



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

Thank you for your interest in doing business in the City of Newark. New business means new jobs and greater opportunities to generate wealth for our City and its residents. We value your investment in Newark and are looking forward to assist you in meeting your goal of starting and growing your business. The *Starting a Business in Newark Guide* has been designed to help prospective business owners assess their needs relating to local and state requirements for doing business Newark and to help navigate you through the process. Simply put, the goal is to smooth the process of obtaining licensing needed to enable you to open your doors for business and inform you of available business opportunities. This informative business guide serves as a comprehensive overview of the areas of concern to you, the prospective business owner and current business owners.

The *Starting a Business in Newark Guide* will serve to acquaint you with City departments and regulations and what is expected of you from the various departments within City Hall that participate in the business licensing and approval process. The information contained in *Starting a Business in Newark Guide* has been designed to inform you of all of the necessary requirements to open your business and business opportunities that may be available. If you have any questions about any of our regulations or other commercial requirements, start by contacting the Assistant Planning and Development Director at **(302) 366-7030**, who will walk you through the City business development process.

You have made a good choice. Our goal is that your business is successful in Newark.

Sincerely,

Kyle R. Sonnenberg
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 and Elkton Roads. Our business hours are 8:30 a.m. to 5:00 p.m., Monday through Friday.

Zoning Requirements

Consult the Planning and Development Department to verify that your proposed business meets the use, area, and parking requirements for the zoning district in which your establishment is located. The Planning and Development 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. Visit the Planning and Development's website [here](#) for additional information.

Building, Occupancy, and Sign Permits/Fire Licenses

In addition to zoning requirements, the Code Enforcement Division of the Planning and Development Department can help you to determine if your new business requires a building permit. A 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; and when changes are made to 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 or for those which involve hazardous materials or processes.

Application forms are available for required permits and licenses in the Code Enforcement Division on the second floor of the Municipal Building. For more information, call **366-7075** or visit their website [here](#).

Business License

The city requires licenses for businesses operating in Newark. Business license 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. The Finance Department can be reached at **366-7080**, or visit their [website](#) for more information.

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. Electricity 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. If the container is to be located in a municipal parking lot, you must check with the Planning and Development's Parking Division at **366-7155** for information on available placement options.

Police

The Police Department, through the Crime Prevention section, 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, visit the Police Department's [website](#), or contact them at **366-7111** to schedule an appointment

Starting Your Business Checklist

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, you may wish to consult a certified public accountant or an attorney who specializes in Delaware law.

Any person, sole proprietorship, or corporation may incorporate under Delaware Law by filing with the Delaware 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 an attorney 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
Click [here](#) to visit their website

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 EIN to identify businesses on all returns, statements, and other documents. Applying for an EIN 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 EIN is also used as your Delaware EIN 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.

There are two methods to obtain an EIN immediately. First, and the preferred method of the IRS, is the Internet EIN. This can be obtained online any day of the week (various hours, check the website for availability). The second method is over the phone at the I.R.S. Business & Specialty Tax Line: (800) 829-4933 weekdays during the hours of 7:00 a.m. to 10:00 p.m. local time. Alternately, it can be obtained by fax, which will take up to 4 business days; or obtained by mail, which will take up to 4 weeks.

You may also contact the IRS at:

Federal Office Building
844 King Street
Wilmington, DE 19801
Tel: (302) 573-6343
Click [here](#) to visit their website

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

820 North French Street
Wilmington, DE 19899-2340
Tel: 577-8200
Fax: 577-8202
Visit the website [here](#) for more information

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 rates depending on the business activity.

There are two ways to obtain a Delaware Business license. One method is to complete your registration online at the One Stop Business Registration and Licensing System at this [website](#). This service will allow you to register simultaneously with other state and federal entities. The other method is to complete and mail the Combined Registration

Application (CRA), which can be found [here](#), or can be requested from the Division of Revenue.

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. Contact the Prothonotary's Office at:

New Castle County Courthouse
Prothonotary's Office
Superior Court
500 North King Street, Suite 500, LL1
Wilmington, DE 19801-3746
Tel: 255-0825
Fax: 255-2264
Click [here](#) to visit their website

It is your responsibility for determining whether there is an existing business or organization using the same name. A searchable online database is available for you to review the existing trade, business and names, and can be found at the website listed above. When you have determined that you are registering a unique name, complete the registration certificate [here](#). Registration certificates must be notarized, which can be done at the Prothonotary's office with identification. Once the form is completed and notarized, return it to the Prothonotary's office with a check or money order for \$25 made payable to: *The State of Delaware*.

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 will have **Employees**:

- (a) **Unemployment Insurance.** All employers must file Form UC-1 and are liable for unemployment insurance taxes with respect to any calendar year if they:
 - pay total wages of \$1,000 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
4425 North Market Street
Wilmington, DE 19802
Tel: 761-8446
Visit the website [here](#) for additional information

- (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
Click [here](#) to visit their website

- (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
Wilmington, DE 19801
Tel: 577-8200
Click [here](#) to visit their website

- (d) Having a written **employee policy manual** may save you lots of trouble down the road. Contact the Department of Labor for help. Their telephone number is (302) 453-4350 or you can visit their website [here](#).

The Newark Market

Retail Report

The Newark Planning and Development Department can make available copies of detailed *Retail Report* concerning the characteristics of downtown Newark's primary retail trade area. The *Report* was prepared for the City 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 and Development Department also has general demographic and economic data and projections for the Newark community. For copies of the *Retail Report* and other information, contact the Newark Planning and Development Department at **366-7030** or visit their [website](#). You may also wish to consult the Downtown Newark Partnership's website [here](#) for information and opportunities specific to downtown locations.

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 & Technology Development Center Network

As a new or growing small business in Delaware, make the SBTDC one of your first contacts 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 SBTDC 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 accounting software, or search business directories for sales leads. There are a variety of newsletters that they send out throughout the year, which you can receive by signing up on their website. To obtain information about a SBTDC service, contact:

New Castle County Center, University of Delaware
Delaware Technology Park
1 Innovation Way, Suite 301
Newark, DE 19711
Tel: 831-1555 Fax: 831-1423

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

Click [here](#) to visit their website

Delaware Economic Development Office (DEDO)

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:

Carvel State Office Building
820 North French Street
Wilmington, DE 19801
Tel: 577-8477 Fax: 577-8499

Or

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

Click [here](#) to visit their website

Downtown Delaware is a resource within DEDO that focuses on downtown revitalization issues, with particular emphasis on business development, vacancy reduction, and proactive planning for selection and placement of retail goods and services in commercial business districts throughout Delaware. Following after the **National Trust Main Street** model, additional areas of focus include organization, design and promotion. Contact Downtown Delaware at:

Downtown Delaware
Small Business Outreach
Delaware Economic Development Office
99 Kings Highway
Dover, DE 19901
Tel: 302-577-8497 Fax: 302-739-5749
Click [here](#) to visit their website

U.S. Small Business Administration

The SBA offers a resource directory for small business management which covers such topics as financial management, planning, marketing, inventions, and personnel management. Publications and videos for starting and managing a successful small business can be found on their website listed below. Contact the local SBA office at:

1007 North Orange Street, Suite 1120
Wilmington, DE 19801-1232
Tel: 573-6294
SBA Answer Desk: 1-800-UASKSBA
Click [here](#) to visit their website

SCORE

The Service Corps of Retired Executives (SCORE) is a nonprofit organization and a resource partner of the U.S. Small Business Administration. It is comprised of 11,200 retired and active business executives throughout the U.S., with over 30 volunteer counselors participating in the Delaware chapter. They provide free, confidential counseling where they define and analyze your problems, and help you find solutions based on their experience with similar situations.

Contact the SCORE Delaware chapter at:

The Nemours Building
1007 N. Orange Street, Suite 1120
Wilmington, DE 19801
Tel: 573-6552
Click [here](#) to visit their website

Delaware Technical & Community College (DelTech)

DelTech offers two courses that relate to starting a small business. **How to Start Your Own Small Business** and **Start an Online Business** are both taught at the Stanton Campus, are 9 hours long (typically one day a week, three hours a night, three consecutive weeks), and cost \$99 each. For specific details on each course, as well as online registration, visit this [website](#). For additional information, contact DelTech at:

400 Stanton-Christiana Road
Newark, DE 19713
Tel: 434-3900
Click [here](#) to visit their website

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 Center for Women's Entrepreneurship offers an array of career, business, and asset development programs. For information about these programs, contact the Y at:

YWCA Delaware
100 West 10th Street, Suite 515
Wilmington, DE 19801
Tel: 655-0039 Fax: 658-7548
Click [here](#) to visit their website

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:

1007 N. Orange Street, Suite 1120
Wilmington, DE 19801-1232
Tel: 573-6294
Visit the website [here](#) for additional information

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.

A **Small Business Innovation Research (SBIR) Bridge Grant** assists applicants who have received a SBIR federal phase 1 research grant and have submitted their phase 2 federal research grant. The maximum bridge grant is \$50,000.

DEDO also sponsors **Industrial Revenue Bonds (IRB)** for manufacturing concerns and other organizations, with a normal project range of \$750,000 to \$10,000,000. The State 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.

DEDO's **Brownfield Program** provides matching grant funds up to \$100,000 to companies that are locating on certified Brownfield sites that create at least five jobs. The proceeds can be used to offset remediation expenses.

The **Delaware Strategic Fund** is the primary funding source used by DEDO to provide customized financial assistance to businesses. For businesses considering locating or expanding in the State of Delaware, financial assistance may be provided in the form of low interest loans.

For further information, contact DEDO at:

820 North French Street
Wilmington, DE 19801
Tel: 577-8477
Click [here](#) to visit their website

Delaware Innovation Fund

The DIF provides counsel, education and selective early-stage investment capital to encourage the growth of seed, start-up and early-stage high technology companies in Delaware and the surrounding Mid-Atlantic region. The normal project range is \$25,000 to \$500,000. The DIF also provides technical assistance through business counseling, entrepreneurial seminars, and its wide network of professional resources. For further information, contact DIF at:

3 Mill Road, Suite 201
Wilmington, DE 19806
Tel: 777-1616 Fax: 777-1620
Click [here](#) to visit their website

First State Community Loan Fund (FSCLF)

The FSCLF sponsors several funds for Delaware businesses. The **Business Growth Fund (BGF)** provides loans for existing businesses from \$15,000 to \$50,000. FSCLF will consider start-up businesses under this program; however, most BGF borrowers have been in operation for at least a year. Loans are repaid over a one- to five-year period. Most business purposes are eligible, such as working capital, equipment and inventory.

The Micro Loan Fund provides loans for individuals and micro enterprises from \$300 to \$15,000. Loans are repaid over a four-month to three-year period. Most business purposes are eligible, including working capital, equipment and inventory.

Contact the FSCLF at:

100 West 10th Street, Suite 105
Wilmington, DE 19801
Tel: 652-6774 Fax: 656-1272
Click [here](#) to visit their website

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 also assists the City with its efforts to manage downtown parking. The DNP also offers a number of incentives for targeted businesses as well as a variety of business assistance activities including a gift card program, parking validation, technical assistance and joint advertising for businesses located within the downtown. Call the Planning and Development Department at **366-7030**, or visit their [website](#), for details about the Partnership and parking waiver information.

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:

12 Penns Way
New Castle, DE 19720
Tel: 737-4343 Fax: 322-3593
Click [here](#) to visit their website

Delaware State Chamber of Commerce

The State Chamber was created to enhance the competitiveness of the Delaware business community by providing services, information, and legislative advocacy. The State Chamber has focused on supporting small business with the creation of the Small Business Alliance, which unites State Chamber members with fewer than 150 employees. For more information, Contact the State Chamber at:

1201 N. Orange Street, Suite 200
P.O. Box 671
Wilmington, DE 19801
Tel: 655-7221 Fax: 654-0691
Click [here](#) to visit their website

Business Incentives

State of Delaware – Blue Collar Job Act

Corporate income tax credits and gross receipts tax reductions are available to business taxpayers that: (1) are engaged in a qualified activity; (2) hire five or more qualified employees; and, (3) make an investment of at least \$200,000 (\$40,000 per qualified employee) in a qualified facility. Eligible businesses qualify for corporate income tax credits of \$400 for each qualified employee and \$400 for each \$100,000 invested. These businesses also qualify for the ten-year reduction in gross receipts tax. For more information or visit the Blue Collar Job Act [website](#).

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 19801
Tel: 577-8200
Click [here](#) to visit their website

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**, or visit their [website](#) for further information.

The City of Newark, using Federal Community Development Block Grant monies, provides 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 and Development Department at **366-7030** or visit their [website](#) for more information.

This guide was prepared by the City of Newark Planning and Development Department on behalf of the Downtown Newark Partnership. The Partnership is a tripartite 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
October, 1999
March, 2004
July, 2010