



SPONSOR: Rep. Romer & Rep. Baumbach & Rep. Osienski & Sen. Sokola

HOUSE OF REPRESENTATIVES  
152nd GENERAL ASSEMBLY

HOUSE BILL NO. 58

AN ACT TO AMEND THE NEWARK CITY CHARTER RELATING TO THE CITY'S ABILITY TO BORROW MONEY AND INCUR INDEBTEDNESS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members elected to each house thereof concurring therein):

1 Section 1. Amend Section 406 of the Newark City Charter by making deletions as shown by strike through and  
2 insertions as shown by underline as follows:

3 § 406. Borrowing for current expenses and other liabilities. Whenever the needs of the city shall require more  
4 money than is, at the time, in the city treasury from current receipts, the council may, and it is hereby authorized and  
5 empowered, to anticipate current revenue by borrowing such amounts as are needed; provided, however, the amount of  
6 such indebtedness shall not at any time exceed one per cent of the assessed valuation of the assessable and taxable real  
7 property within the limits of the city.

8 Whenever the city shall require money for the construction or installation of sewers, paving, or other municipal  
9 improvements, the cost of which is assessable directly to the owners of property to be benefited by such construction or  
10 installation, the council shall be authorized and empowered to anticipate the receipt of such assessments by borrowing such  
11 amounts as are needed; provided, however, the amount of such indebtedness shall not at any time exceed the sum of ~~five~~  
12 ~~hundred thousand dollars (\$500,000.00)~~ one million dollars (\$1,000,000).

13 The council shall be authorized to take whatever action is necessary to obtain an appeal bond as may be required  
14 for the appeal of a court judgment, including obtaining security for such appeal bond such as through the securing of a letter  
15 of credit. The city's obligation to reimburse any amount drawn under a letter of credit shall constitute a general obligation  
16 of the city secured by the full faith, credit and taxing power of the city.

17 To exercise the power aforesaid, the council shall adopt an ordinance to that effect by the affirmative vote of five  
18 (5) of the members of council. The indebtedness created under this provision shall be evidenced by notes or bonds of the  
19 city, and the full faith and credit of the city shall be deemed to be pledged thereby. The short-term debt authorized  
20 hereinabove shall not be considered as part of the bonded debt of the city when limitations under indebtedness, as set forth  
21 elsewhere in this charter, are computed. Further, any short or long-term debt from government revolving loan funds shall

22 not be subject to the referendum requirements set forth in Section 407.2 of this Charter. The debt authorized for the  
23 payment of unfunded court judgments, and any debt incurred with respect to securing an appeal bond shall be considered as  
24 part of the bonded debt of the city when limitations under indebtedness, as set forth elsewhere in this charter, are computed.

#### SYNOPSIS

This Act amends the City of Newark Charter. Specifically, this Act increases the amount the City can borrow for municipal improvements that are directly assessed against adjoining owners of property from \$500,000 to \$1,000,000. This Act also exempts any short or long-term debt incurred from receipt of government revolving loan funds from the special referendum requirements set forth in the City Charter. This would allow Council to approve such borrowing directly and would eliminate the cost and time associated with holding a referendum.