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The NH Division of Economic Development

NH Economic Revitalization Zone: Business Benefits

New Hampshire offers a business tax credit for projects that are located in designated zones, add to the infrastructure, and create jobs. The community that the site is located in must apply to have that section of the town designated as an Economic Revitalization Zone. Once approval of the zone has been granted by the New Hampshire Department of Resources and Economic Development, businesses located in the zone may each apply for the business tax credits based on specific projects. There is an application fee of $100 for each project.

Tax Credit Eligibility:

Tax credit certification may be approved by the Commissioner of the Department of Resources and Economic Development (DRED) for a project that expands the commercial or industrial base of the state, creates new jobs in the state, and meets at least one of the following criteria:

(a) Creates a facility which is determined to entail significant investment in real and/or personal property, other than inventory at a location where the business has not previously operated;

(b) Makes expenditures to add buildings, machinery, equipment, or other materials, except inventory, to a facility that equal at least 50 percent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation;

(c) Makes expenditures to alter or repair a facility that equal at least 50 percent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation; or

(d) Makes expenditures to alter or repair a vacant facility equal to at least 20 percent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.

Qualifying investment must be made directly by the company that is applying for the Economic Revitalization Zone Tax Credits.

"Jobs" are defined as filled positions that are full-time, full-year, permanent, and hired directly by the company that is doing the project.

Both the investment and job creation must take place within one calendar year.

How to determine eligible amount of tax credit:

For the purpose of determining the economic revitalization zone tax credit that the taxpayer is eligible to receive, the amount of the credit to be taken shall be the total sum of the following categories a, b, c, and d:

(a) 4 percent of the salary for each new job created in the fiscal year with a wage less than or equal to 1.75 times the then current state minimum wage *[As of 9/1/08 the minimum wage is $7.25 so multiply that by 1.75 to equal $12.69; so for jobs that pay less than or equal to $12.69, multiply the annual salary of every job in this category by 4% (.04) and that is the credit amount for this (a) section].*

(b) 5 percent of the salary for each new job created in the fiscal year with a wage greater than 1.75 times the then current state minimum wage and less than or equal to 2.5 times the then current state minimum wage. *[As*

of 9/1/08 the minimum wage is $7.25 so multiply that by 1.75 to equal $12.69, and 2.5 times $7.25 is $18.13; so for jobs that pay more than $12.69 and less than or equal to $18.13, multiply the annual salary of every job in this category by 5% (.05) and that is the credit amount for this (b) section.]

(c) 6 percent of the salary for each new job created in the fiscal year with a wage greater than 2.5 times the then current state minimum wage. *[As of 9/1/08 the minimum wage is $7.25 so 2.5 times $7.25 is $18.13; so for jobs that pay more than $18.13, multiply the annual salary of every job in this category by 6% (.06) and that is the credit amount for this (b) section.]*

(d) 4 percent of the lesser of the following: *[Calculate each of these and then take the lesser of the two:]*

(1) The actual cost incurred in the fiscal year of creating a new facility or renovating an existing facility, and expenditures for machinery, equipment, or other materials, except inventory. *or*

2) $20,000 for each new job created in the fiscal year.

How to Use the Tax Credit:

The economic revitalization zone tax credit shall be applied against the business profits tax under RSA 77-A, and any unused portion thereof may be applied against the business enterprise tax under RSA 77-E, in the taxes paid for the year of the project. Any unused portion of the credit allowed under this chapter or any eligible credit in excess of $40,000 allowed under this chapter, may be carried forward and allowed against taxes due under RSA 77-A or RSA 77-E for 5 taxable periods from the taxable period in which the tax was paid.

The aggregate value of all of economic revitalization zone tax credit agreements that the Commissioner of Resources and Economic Development enters into shall not exceed the limit of $825,000 in any fiscal year. Amounts carried forward shall not be counted against this limit in any year in which they are applied. The maximum credit which may be utilized by a taxpayer in any fiscal year shall not exceed $40,000.

Wages for which a credit is taken under the R&D tax credit shall not also be eligible for a credit under the Economic Revitalization Zone.

Please contact the Division of Economic Development (603-271-2591) for application due dates and forms.

Law that governs this program:

http://www.gencourt.state.nh.us/rsa/html/xii/162-n/162-n-mrg.htm

Rules that govern this program:

http://www.nheconomy.com/uploads/Rules-ERZ-Tax-Credit-Program.doc