

ERZ FAQs for Businesses



What does 'ERZ' stand for?

'ERZ' stands for Economic Revitalization Zone.

Why were ERZs established?

ERZs were established to stimulate economic redevelopment, expand the commercial and industrial base, create new jobs, reduce sprawl, and increase tax revenues within the state by encouraging economic revitalization in designated areas.

How is an ERZ defined?

A community must request that a site or contiguous area be designated as an ERZ from DRED.

An ERZ must be either:

- A. A 'Brownfield' zone (An industrial or commercial property that remains abandoned or underutilized in part because of environmental contamination or the fear of such contamination);
- B. Or has at least one of these characteristics:
 - 1. There has been a population decrease over the past 20 years (according to census readings).
 - 2. At least 51 percent of the households in the area have incomes less than 80 percent of the median income for households in the state.
 - 3. At least 20 percent of the households have a median income level below the poverty level.
 - 4. The zone contains:
 - I. Unused or underutilized industrial parks; or
 - II. Vacant land, or structures previously used for industrial, commercial, or retail purposes and designation of the zone as an ERZ zone would likely result in the reduction of the rate of vacant or demolished structures or the rate of tax delinquency in the zone.

How much is available in tax credits?

The State of New Hampshire has designated \$825,000 statewide, per year, to be made available for ERZ tax credits.

How long will this initiative be in place?

This program will be in place indefinitely until the State law governing ERZs is repealed, amended or revised.

Is there a fee to participate?

No, there is no application fee.

What does a business need to do to qualify?

For a business to qualify for an ERZ tax credit it must invest in plant or equipment and / or create a least one (1) new job in the state, and meet the following criteria:

- The business must be physically located in an approved ERZ;
- Investment in plant or equipment must be made directly by the business applying for the ERZ tax credit;
- Jobs created may be full time or part time direct employees, and not be contracted or "temp" jobs;
- The investment and / or the job creation must take place within one calendar year.

What is the process for a business to apply for an ERZ tax credit?

To apply for the tax credits an applicant must complete Form ERZ-2 which is available from the Department of Resources and Economic Development.

The deadline to apply is Feb. 10 of the year following the applicant's tax year.

How is the credit calculated?

The credit is based on a percent of the salary for each new job created and the lesser of: Either a percent of the actual cost incurred for the project or a maximum credit for each new job created in the fiscal year.

How is the credit applied to my tax liability?

The tax credits shall be available to the taxpayer only for tax liabilities arising during tax periods including the tax period for which the tax credit is applied, up to an additional five (5) consecutive tax periods following the date of certification by the commissioner of the Department of Resources and Economic Development.

The maximum amount of tax credit is \$240,000 per application, and the maximum applied per year by a taxpayer is limited to \$40,000.

How can I claim the credit?

To apply for the tax credits you must fill out form ERZ-2 available from the Department of Resources and Economic Development's website nheconomy.com

Who do I call with additional questions?

If you need to learn even more, contact the Division of Economic Development at (603) 271-2591.