

# ERZ FAQs for Businesses

## What is the ERZ Program?

ERZ stands for Economic Revitalization Zone. The ERZ tax credit program, which is detailed in RSA 162-N, offers a short term business tax credit for projects that improve infrastructure and create jobs in designated areas of a municipality.

## Why were ERZs established?

The 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?

An Economic Revitalization Zone means a zone with a single continuous boundary, designated in accordance with RSA 162-N:8, and having at least one of the following characteristics:

- (a) Unused or underutilized industrial parks; or
- (b) Vacant land or structures previously used for industrial, commercial, or retail purposes but currently not so used due to demolition, relocation of the former occupant's operations, age, obsolescence, deterioration, brownfields, or cessation of operation resulting from unfavorable economic conditions either generally or in a specific economic sector.

A community must request that a site or contiguous area be designated as an ERZ by BEA. Each ERZ is evaluated every five years to assess whether the designation is still eligible.

## 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This program will be in place until 2020, or until the State law governing ERZs is repealed or amended.

## What does a business need to do to qualify?

For a business to qualify for an ERZ tax credit it must 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 must be full time, direct employees, and not be contracted or "temp" jobs.
- The investment and 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 you must fill out form ERZ-2 available from the Department of Business and Economic Affairs [website](#).

The deadline to apply is February 10<sup>th</sup> 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 full time 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

## What is considered a full time job?

A full time job is at least 35 hours per week and is a permanent, year-round position.

## 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 BEA commissioner.

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.

## Who do I call with additional questions?

Contact the Division of Economic Development at (603) 271-2591.