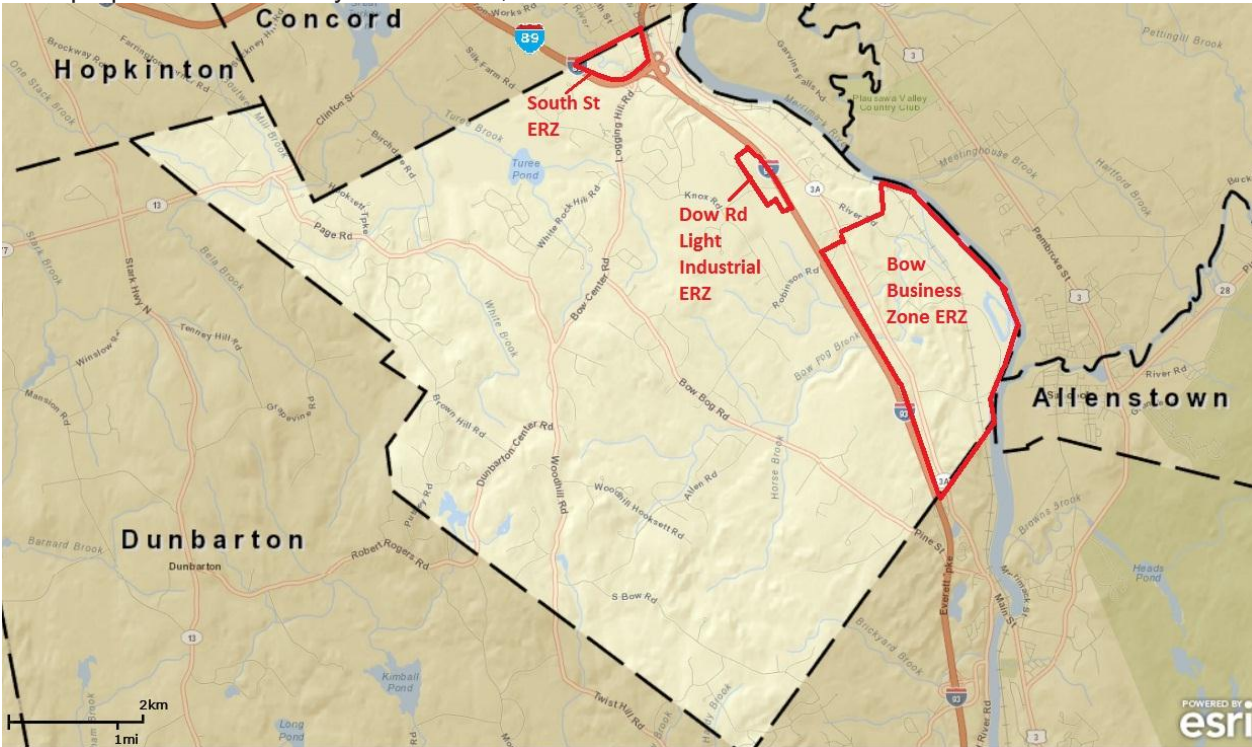


Bow Economic Revitalization Zones

Economic Revitalization Zone Tax Credits: In an effort to encourage revitalization and create jobs, employers may take advantage of New Hampshire's Economic Revitalization Zone Tax Credits (ERZ Tax Credit) Program.

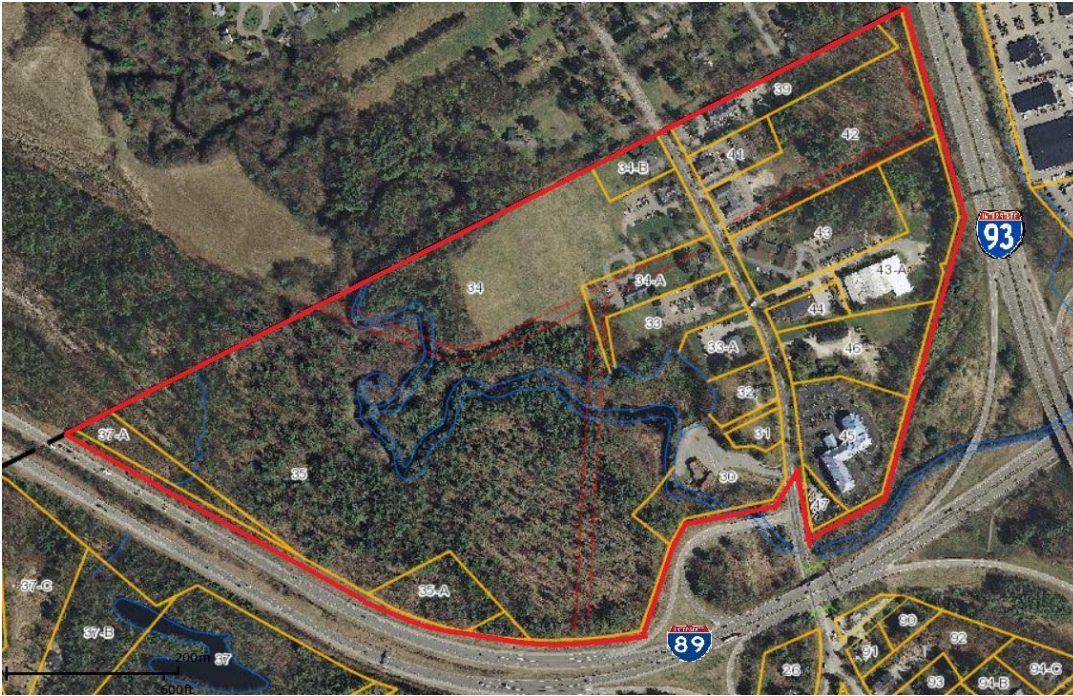
ERZ Tax Credits, are short-term, tax credits against business profits and business enterprise taxes. To qualify, a certain amount of capital investment must be made and the location must meet certain demographic criteria, or be in an unused or underutilized industrial park, or vacant land, or structures previously used for industrial, commercial, or retail purposes but currently not so used, or Brownfield site.



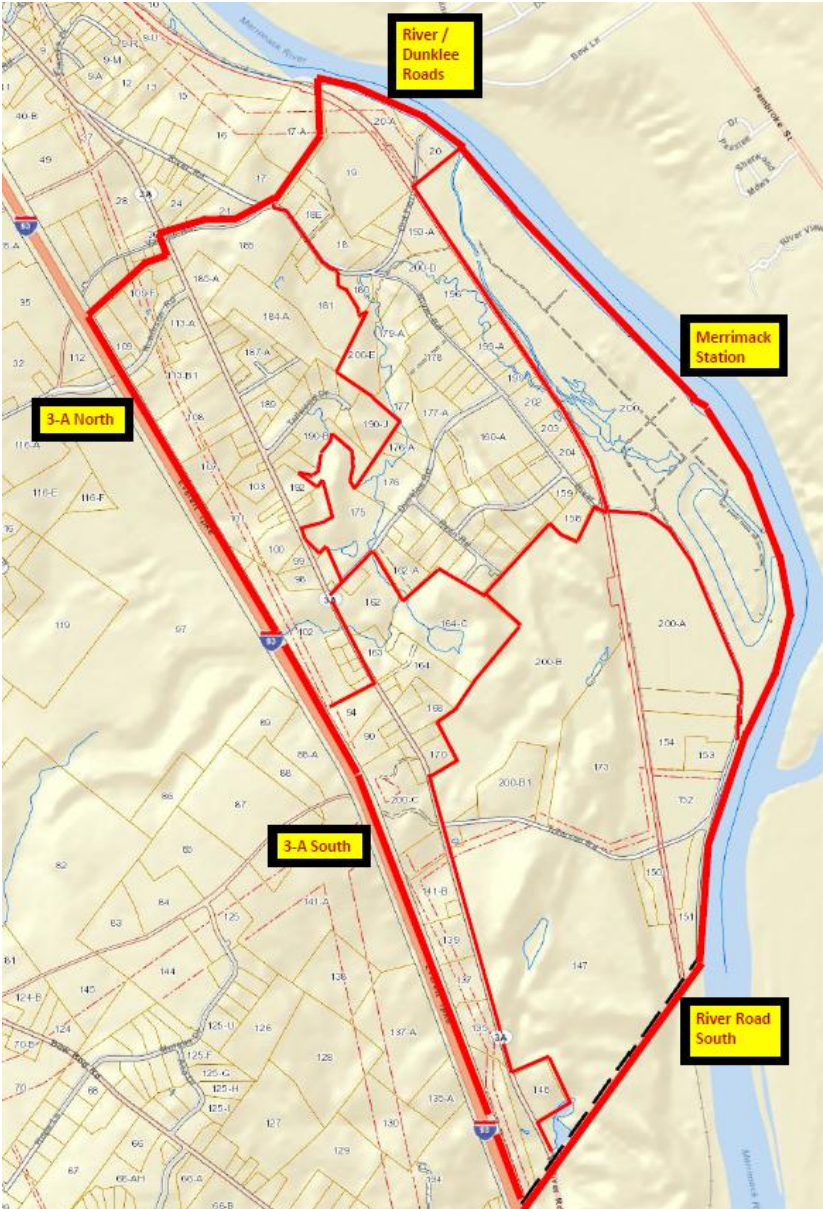
Dow Road Light Industrial Economic Revitalization Zone



South Street Economic Revitalization Zone



Bow Business Zone Economic Revitalization Zone



Tax Credit Overview

Any qualified company in the zone can now apply to DRED for tax credit approval.

The General Criteria:

- a. Quality and quantity of jobs to be created.
- b. Duration of the taxpayer's commitments with respect to the economic revitalization zone.
- c. The amount of the taxpayer's investment in the project.
- d. A precise definition of the location of the facility eligible for the credit.
- e. The maximum amount of the economic revitalization zone tax credit that will be allowed to the business under this agreement for jobs created and for construction or reconstruction expenses.

What is the amount of the tax credit?

- \$40,000 cap per year.
- Capped at \$200,000 over five years, with carryover up to 10 years.
- Credit against Business Profits or Enterprise Tax (BPT or BET).

How is the cap defined?

The lesser of the following:

- a. 4 % of the salary for each new (full time) job less than or equal to 1.75 times current state minimum wage. (\$13.00)
- b. 5 % of the salary 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. (less than \$18.00, greater than \$13.00)
- c. 6 % of the salary for each greater than 2.5 times the then current state minimum new job wage. (\$18.00 or above).

and 4 % of the lesser of the following:

- a. 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.
- b. \$20,000 for each new job created in the fiscal year.

Capital Investment Definition

The rules are in the process of being changed, but technically, it includes a significant investment or

- At least 50% market value of facility.
- At least 20% market value if the facility was vacant before renovations.

ERZ Zone Calculation

Example:

- A manufacturing company expands into 10,000sf of additional space and hires 10 new employees within it's fiscal year. The average salary for the new employee is \$35,500 per year (not including benefits).
- The 10,000 square feet expansion is within the existing building, but required some improvement up to \$5.00 psf, plus \$500,000 in equipment purchases.
 - Total Improvements = \$ 50,000
 - Equipment = \$500,000
 - Total = \$550,000

Three calculations:

1. $\$35,000 \times 5\% = 1,750 \times 10 \text{ new jobs} = \$17,500$
2. $\$550,000 \times 4\% = \$22,000$
3. $10 \times \$20,000 = \$200,000 \times 4\% = \$8,000$

Add number 1 to the lesser of 2 and 3. $\$17,500 + \$8,000 = \$25,500$ Tax Credit

Contact

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Businesses interested in applying for the ERZ Tax Credit must complete [Form ERZ-2](#).