

SB 404-FN - AS INTRODUCED

2026 SESSION

26-2209

07/06

SENATE BILL        **404-FN**

AN ACT            relative to economic revitalization zone tax credits.

SPONSORS:        Sen. Gray, Dist 6

COMMITTEE:      Ways and Means

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ANALYSIS

This bill makes changes to the eligibility and award of economic revitalization tax zone credits.

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Explanation:      Matter added to current law appears in ***bold italics***.  
                         Matter removed from current law appears ~~[in brackets and struckthrough.]~~  
                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Twenty-Six*

AN ACT relative to economic revitalization zone tax credits.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 Public Safety and Welfare; Economic Revitalization Zone Tax Credits; Reevaluation of  
2 Economic Revitalization Zone. Amend RSA 162-N:2-a to read as follows:

3 162-N:2-a Reevaluation of Economic Revitalization Zone. Each economic revitalization zone  
4 shall be evaluated every ~~[5]~~ 8 years to determine if it meets the criteria required in RSA 162-N:2. If  
5 an economic revitalization zone fails to meet the criteria in RSA 162-N:2, its designation as an  
6 economic revitalization zone shall be removed.

7 2 Public Safety and Welfare; Economic Revitalization Zone Tax Credits. Amend RSA 162-N:5  
8 through 8 to read as follows:

9 162-N:5 Limit on Total Economic Revitalization Zone Credits. The aggregate of tax credits  
10 issued by the commissioner of ~~[economic and business affairs]~~ **business and economic affairs** to  
11 all taxpayers claiming the credit shall not exceed ~~[\$825,000]~~ **\$1,000,000** for any ~~[calendar]~~ **fiscal**  
12 year, except that any amount of the credit less than ~~[\$825,000]~~ **\$1,000,000** that is not claimed in the  
13 ~~[calendar]~~ **fiscal** year may be issued in the next ~~[calendar year]~~ **2 fiscal years** ~~[and in following~~  
14 ~~years]~~. Amounts carried forward pursuant to RSA 162-N:7 shall not be counted against this limit in  
15 any year in which they are applied. Notwithstanding RSA 162-N:6, the maximum credit which may  
16 be utilized by a taxpayer in ~~[any calendar]~~ **any fiscal** year shall not exceed ~~[\$40,000]~~ **\$50,000**. In  
17 the case in which the aggregate credits requested during the calendar year exceed the amount  
18 available, each taxpayer shall receive a credit for the proportional share of the maximum aggregate  
19 credit amount.

20 162-N:6 Determination of Economic Revitalization Zone Tax Credits Eligible Amount. For the  
21 purpose of determining the economic revitalization zone tax credit that the taxpayer is eligible to  
22 receive, the amount of the credit to be taken shall be the sum of the following:

23 I. 4 percent of the salary **or wage** for each new full-time job created in the ~~[calendar]~~ **state**  
24 **fiscal** year with a wage less than or equal to ~~[1.75]~~ **2.5** times the then current state minimum wage.

25 II. ~~[5]~~ **6** percent of the salary **or wage** for each new full-time job created in the ~~[calendar]~~  
26 **state fiscal** year with a wage greater than ~~[1.75]~~ **2.5** times the then current state minimum wage  
27 ~~[and less than or equal to 2.5 times the then current state minimum wage]~~.

28 III. ~~[6 percent of the salary for each new full-time job created in the calendar year with a~~  
29 ~~wage greater than 2.5 times the then current state minimum wage.~~

30 IV. ~~4]~~ **5** percent of the ~~[lesser of the following:~~

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

4           ~~[(b) \$20,000 for each new full-time job created in the calendar year.]~~

5           162-N:7 Application of Economic Revitalization Zone Tax Credit.

6           **I.** The economic revitalization zone tax credit shall be applied against the business profits  
7 tax under RSA 77-A, and any unused portion thereof may be applied against the business enterprise  
8 tax under RSA 77-E. Any unused portion of the credit allowed under this chapter or any eligible  
9 credit in excess of ~~[\$40,000]~~ **\$50,000** allowed under this chapter, may be carried forward and allowed  
10 against taxes due under RSA 77-A or RSA 77-E for ~~[5]~~ **an additional 4** taxable periods from the  
11 taxable period in which the tax was **first paid and the credit was initially granted.**

12           **II. Unless otherwise specified herein, an awarded economic revitalization zone tax**  
13 **credit (ERZTC) shall be eligible for use for a total of 5 consecutive taxable periods or years.**  
14 **The initial taxable period or year under the award shall be considered the first year, and**  
15 **then the tax credit shall be eligible for renewal in the next 4 consecutive taxable periods or**  
16 **years, where applicable. A taxpayer may not apply for an additional ERZTC until**  
17 **previously awarded ERZTCs have been exhausted, including any credits that have rolled**  
18 **over from one year to the next. This prohibition shall only apply for years in which the**  
19 **taxpayer has reached the maximum allowed ERZTC. A taxpayer shall not be deemed to**  
20 **have reached the maximum allowed tax credit cap if the credit that was granted was**  
21 **reduced below the cap due to proration of their tax credit. If a taxpayer is granted an**  
22 **ERZTC, no additional tax credit shall be granted to that taxpayer under this or any other**  
23 **chapter that serves the same or a substantially similar purpose, unless the business is**  
24 **physically located within a municipality, county, or region that has been designated a**  
25 **“distressed place-based economy” by the general court.**

26           **III.** For the purpose of the credit allowed under RSA 77-A:5, X, the economic revitalization  
27 zone credit shall be considered taxes paid under RSA 77-E.

28           162-N:8 Rules. The commissioner of ~~[revenue administration]~~ **business and economic affairs**  
29 shall adopt rules, under RSA 541-A, relative to documentation of the credits claimed under this  
30 chapter. ~~[The commissioner of business and economic affairs shall, in consultation with the~~  
31 ~~executive director of the community development finance authority, adopt rules, under RSA 541-A,~~  
32 ~~relative to the administration and implementation of this chapter. The rules adopted by the~~  
33 ~~commissioner of business and economic affairs shall include provisions relative to:~~

34           ~~I. Establishment and certification of economic revitalization zones.~~

35           ~~H. Criteria for and approval of projects in economic revitalization zones, including jobs per~~  
36 ~~dollar thresholds.~~

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1           ~~III. Fees which the commissioner of business and economic affairs may charge to each~~  
2 ~~applicant to cover the reasonable costs of the state's administration of the applicant's participation~~  
3 ~~in the economic revitalization zone tax credit program.~~

4           ~~IV. Criteria for evaluation of the effectiveness of the tax credit program and whether~~  
5 ~~existing economic revitalization zones continue to meet the criteria of RSA 162-N:2.]~~

6           3 New Sections; Public Safety and Welfare; Economic Revitalization Zone Tax Credits. Amend  
7 RSA 162-N by inserting after section 9 the following new sections:

8           162-N:10 Ineligible Entities. An employer or taxpayer who is a “foreign principal,” whose  
9 business entity’s origin, place of incorporation, or parent company is located in a country listed in  
10 RSA 477:22-b, II, or whose business entity’s origin, place of incorporation, or parent company is  
11 located in a similarly categorized place under state or federal regulations shall be ineligible to  
12 receive an economic revitalization zone tax credit.

13           162-N:11 Initial Program Changes. New or existing employees or investments used for the  
14 basis of tax credits awarded in program years prior to the effective date of this section shall not be  
15 an eligible basis for awarded tax credits in program periods or years beginning July 1, 2027.

16           4 Repeals. The following are repealed:

17           I. 2007, 263:123, I, relative to repealing economic revitalization zone tax credits.

18           II. 2015, 265:7, relative to repealing reevaluations for economic revitalizations zones.

19           5 Effective Date.

20           I. Section 3 of this act shall take effect upon its passage.

21           II. The remainder of this act shall effect July 1, 2027.

**SB 404-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT relative to economic revitalization zone tax credits.

**FISCAL IMPACT:**

<b>Estimated State Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Revenue</b>	\$0	\$0	Indeterminable Decrease	Indeterminable Decrease
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
<b>Expenditures*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
<b>Appropriations*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

**METHODOLOGY:**

This bill makes various changes to the Economic Revitalization Zone tax credit, administered by the Department of Business and Economic Affairs. The following are several of the changes made by this bill: increases the aggregate credits awarded from \$825,000 to \$1,000,000; changes the program year from a calendar year to state fiscal year; expands the amounts and types of expenditures eligible for credit; and adds language to prevent a taxpayer who already has the maximum available credit via carry forward to apply for additional credit until awarded credits are sufficiently used to fall below the maximum.

The Department states this bill will decrease general fund and education trust fund revenue by an indeterminable amount. The Department is not able to provide an estimate of the fiscal impact on BET and BPT revenue as it does not know what credits will be requested, issued, utilized and/or will expire in each of the five available years. Though the maximum aggregate increase is \$175,000 in a year, it is not known the amount of credits that will be utilized from the current year or carried forward from prior years.

The Department provided the following information related to the amount of Economic Revitalization Zone credits used for the period FY 2020 through FY 2025:

FY 2020	\$524,000
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FY 2021	\$782,000
FY 2022	\$528,000
FY 2023	\$538,000
FY 2024	\$627,000
FY 2025 (preliminary as of 10/25)	\$631,000

The Department of Business and Economic Affairs states this bill will have an indeterminable impact on state revenues and that the Department is able to administer the program with existing staff.

**AGENCIES CONTACTED:**

Department of Revenue Administration and Department of Business and Economic Affairs