

CITY OF PORTSMOUTH



PRESS RELEASE

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Portsmouth Downtown Businesses Eligible for State's Economic Revitalization Zone Tax Credit Program

PORTSMOUTH, NH – Developers and future tenants of eligible downtown redevelopment projects may now be able to take advantage of the business tax benefits available through the State's Economic Revitalization Zone Tax Credit Program. The City of Portsmouth recently received approval from the State Department of Resources and Economic Development for designation of an Economic Revitalization Zone (ERZ) Tax Zone in downtown.

The ERZ program is an economic development incentive for creation of new jobs and expansion of the tax base. Businesses may be eligible for tax credits to be used against Business Profit Tax and Business Enterprise Tax for projects in a qualifying Economic Revitalization Zone. For the project to qualify it must expand the commercial or industrial base of the state, create jobs in the state and meet one of the following criteria:

- create a new facility;
- make expenditures to add buildings, machinery, or equipment to a facility that equals at least 50% of the market value;
- make expenditures which alter or repair a facility equal to at least 50% of the market price; or
- make expenditures to alter or repair a vacant facility equal to at least 20% of the market value of the facility.

In applying for the ERZ designation, the City's Economic Development Commission cited the goals of attracting more office use to the downtown, increasing downtown employment and improving the financial strength of those companies awarded ERZ credits. According to Nancy Carmer, the City's Economic Development Manager, the recent increase in high end housing downtown has not been offset by comparable office development. "Now that the new municipal parking garage is in progress, the EDC would like to promote more office use in downtown projects. This could have a direct economic impact on job creation and an indirect impact on new employee spending at existing downtown businesses."

The downtown ERZ includes a portion of the City that was impacted by the Urban Renewal Program in the 1960's when over 200 homes and an additional 200 buildings such as warehouse, residential and commercial buildings were demolished to make way for a hotel and shopping mall. It also includes the 106,000-square-foot Thomas J. McIntyre Federal Building which currently houses several federal tenants which the General Services Administration is in the process of relocating to other local buildings.

The new downtown ERZ approval expands the number of Portsmouth Economic Revitalization Zones to five, with the other zones being the High Liner Avenue, Pease International Tradeport, Portsmouth Business Park (formerly Commerce Way), and Heritage-Constitution Industrial Park. More information on the ERZ program can be found at: <http://cityofportsmouth.com/economic/erz.html> or by calling 603-610-7220.