

# Federal Tax Incentives

## **Opportunity Zones:** Department of Commerce, Economic Development Agency

An Opportunity Zone is an economically distressed community in which private investments, under certain conditions, may be eligible for capital gain tax incentives. Opportunity Zones were created under the 2017 Tax Cuts and Jobs Act, to stimulate economic development and job creation, by incentivizing long-term investments in low-income neighborhoods.

There are more than 8,760 designated Qualified Opportunity Zones located in all 50 States, the District of Columbia, and five United States territories. Investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged or until December 31, 2026.

**Learn More:** [here](#)

**Map:** [here](#)

**Regional Example:** [here](#)

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## **New Market Tax Credit:** Department of Treasury, Community Development Financial Institution Fund

Historically, low-income communities experience a lack of investment, as evidenced by vacant commercial properties, outdated manufacturing facilities, and inadequate access to education and healthcare service providers. The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years.

**Learn More:** [here](#)

**Map:** [here](#)

**Regional Example:** [here](#)

**Contact:** CDFI Help Desk

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**Brownfield Sites:** Environmental Protection Agency (EPA)

A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. It is estimated that there are more than 450,000 brownfields in the U.S. Cleaning up and reinvesting in these properties increases local tax bases, facilitates job growth, utilizes existing infrastructure, takes development pressures off undeveloped, open land, and both improves and protects the environment.

**Learn More:** [here](#)

**Map:** [here](#)

**Regional Example:** [here](#)

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**Low Income Housing Tax Credit:** Department of Housing & Urban Development, Office of Policy Development & Research

The Low-Income Housing Tax Credit (LIHTC) program is the most important resource for creating affordable housing in the United States today. Created by the Tax Reform Act of 1986, the LIHTC program gives State and local LIHTC-allocating agencies the equivalent of approximately \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. An average of almost 1,400 projects and 106,400 units were placed in service annually between 1995 to 2018.

**Learn More:** [here](#)

**Regional Example:** [here](#)

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**Historic Preservation Tax Credit:** Department of Interior, National Park Service

The Federal Historic Preservation Tax Incentives program encourages private sector investment in the rehabilitation and re-use of historic buildings. It creates jobs and is one of the nation's most successful and cost-effective community revitalization programs. It has leveraged over \$102.64 billion in private investment to preserve 45,383 historic properties since 1976. The National Park Service and the Internal Revenue Service administer the program in partnership with State Historic Preservation Offices.

**Learn More:** [here](#)

**Regional Example:** [here](#)

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**Historically Underutilized Business Zone: U.S Small Business Administration**

Small businesses located within Nashua’s Historically Underutilized Business Zones (HUBZone) gain preferential access to federal procurement opportunities. The federal government has a goal of awarding 3% of all dollars for federal prime contracts to HUBZone-certified small business concerns. Qualified Nashua HUBZone-certified companies can receive an advantage during competitive and sole source contracting opportunities provided by federal agencies and many of the prime defense contractors doing business in the Greater Nashua area.

**Learn More:** [here](#)

**Map:** [here](#)

**Regional Example:** [here](#)

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## NH Tax Incentives

### **Economic Revitalization Zones:** Department of Business and Economic Affairs (BEA)

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. 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. The State of New Hampshire designates \$825,000 statewide, per year, to be available for ERZ tax credits. This program will be in place until Jan. 1, 2028, or until the State law governing ERZs is repealed or amended.

**Learn More:** [here](#)

**Map:** [here](#)

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### **NH Job Training Fund:** U.S. Department of Labor Employment & Training Administration and the American Association of Community Colleges in partnership with the Community College System of NH

The Job Training Fund is available to businesses located in New Hampshire and businesses intending to locate in the State, and who pay quarterly taxes into the NH Unemployment Trust Fund. Businesses that make voluntary (reimbursable) contributions are not eligible. Local, county, and state political subdivisions are not eligible for the program. The fund is partnered with 7 community college campuses and WorkReadyNH. Training programs may include, but shall not be limited to structured, on-site laboratory or classroom training; basic skills; technical skills; quality improvement; safety; management and supervision; English as a second language.

Unallowable costs include salaries, wages, travel costs, bonuses, and benefits of employees in training; In-kind contributions; administrative or entertainment expenses; and costs resulting from violation of or failure to comply with federal, state, or local laws and regulations; and costs or portions of costs resulting from training programs completed or started prior to the date of grant approval.

**Learn More:** [here](#)

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**NH Research and Development Tax Credit:** NH Department of Revenue Administration, credit for NH Business Profits Tax/Business Enterprise Tax

Business organizations that have expenditures made during the fiscal year for qualified manufacturing research and development qualify for the credit. "Qualified manufacturing research and development" expenditures are wages paid to employees of the business organization for services rendered in New Hampshire which qualify and are reported as a credit by the business organization under section 41 of the Internal Revenue Code. More specifically, "qualified manufacturing research and development" expenditures are the wage amounts attributable to New Hampshire that make up lines 5 or 24 of the business organization's Federal Form 6765.

**Learn More:** [here](#)

**Contact:** (603) 230-5920

**Community Development Block Grant:** U.S. Department of Housing & Urban Development, Community Development Finance Authority

CDFA administers the State of New Hampshire's annual federal allocation of Community Development Block Grant funds for eligible municipalities. The primary objective of the program is the development of viable communities by improving economic opportunities and meeting community revitalization needs, particularly for persons of low and moderate income.

CDFA directly awards Community Development Block Grant resources to New Hampshire's cities, towns, and counties, which often sub-grant the money to a nonprofit agency or other entity conducting the work. Funding for the Community Development Block Grant program is provided to New Hampshire through the U.S. Department of Housing and Urban Development.

**Learn More:** [here](#)

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**CDFA Tax Credit Program: Funded by Community Development Finance Authority**

CDFA's Tax Credit Program is a competitive community and economic development investment program that awards approximately \$5 million in tax credits annually. The program aims to support organizations that are engaged in community economic development initiatives that show a high degree of community support, build partnerships, and leverage other resources.

Grants made to eligible projects are in the form of tax credit equity and serve as a powerful fundraising tool. Businesses with New Hampshire tax liability support awarded projects by purchasing the credits resulting in the nonprofit receiving a donation and the company receiving a 75 percent New Hampshire state tax credit against that contribution. The credit can be applied against the Business Profits Tax, Business Enterprise Tax, or Insurance Premium Tax. The donation may also be eligible for treatment as a state and federal charitable contribution.

The Tax Credit Program is a proven example of how to achieve local priorities by leveraging public-private partnerships.

**Learn More:** [here](#)

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**Work Invest NH: NH Employment Security, NH Unemployment Trust Fund**

Available to businesses or co-applicants physically located in NH and businesses intending to physically locate in New Hampshire. The business must pay quarterly taxes into the NH Unemployment Trust Fund. The business must follow state laws and regulations. Available for existing workers who are either residents of New Hampshire or who work at a business or co-applicant that is located or intends to locate within the state.

**Learn More:** [here](#)

**Contact:** [JobTrainingFund@nhes.nh.gov](mailto:JobTrainingFund@nhes.nh.gov)

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**Community Revitalization Tax Incentive (RSA 79-E): Department of Revenue Administration**

Community Revitalization Tax Incentive RSA 79-E is a state law that encourages investment in downtowns and village centers. It provides a tax incentive for the rehabilitation and active use of under-utilized older buildings and, in so doing, aims to promote strong local economies and smart, sustainable growth as an alternative to sprawl. The tax incentive must be adopted at the local level before it can be offered to property-owners.

Any city or town may adopt this program with the majority vote of its legislative body. Once RSA 79-E is adopted locally, a property owner who wants to substantially rehabilitate a building located in the community's designated areas, such as a downtown or village center, may apply to the local governing body. If approved, the property owner receives a period of relief from increased property taxes of up to 13 years, depending on the project specifics and the governing body's discretion. In exchange, the property owner grants a covenant to the community for a certain period of years ensuring the property's continued maintenance and use.

The property tax incentive may also apply to other types of development projects, depending on how a town or city structures its individual program. Communities may choose to extend benefits to projects that replace non-historic under-utilized buildings or that rebuild after a property is destroyed by fire or other acts of nature. Towns and cities may also vote to extend tax benefits beyond designated areas to the entire community if an owner substantially rehabilitates a historic building and includes energy efficiency measures in the project. And finally, coastal municipalities affected by hazards such as increasing storm surge and sea levels may designate a "Coastal Resilience Incentive Zone" and offer property owners their various types of benefits and relief.

**Learn More:** [here](#)

**Map:** [here](#)

**Regional Example:** [here](#)

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**Tax Increment Financing District (TIF) RSA 162-K Legislation:** Funded by property taxes from new development to pay off government bonds

Tax increment financing (TIF) is a public financing tool used to help spur economic development in areas that may otherwise be left to fallow in the wind. Introduced in California in the 1950's, TIF has been used in most states across the county, including New Hampshire. While many TIF districts have seen distressed, blighted, or abandoned areas turned into thriving neighborhoods or business centers, there is significant opportunity for failure if conservative principles and practices are not adhered to during the design, implementation, and management of a TIF program, creating a costly, long-term financial burden on taxpayers. Ironically, and for these reasons, TIF is now discontinued in California - where it all began. However, here in New Hampshire, there are several TIF success stories, and, if best practices are followed, your municipality could successfully finance its economic development dreams.

**Learn More:** [here](#)

**Example:** [here](#)

**Contact:** NH Office of Strategic Initiatives  
(603) 271-2155

**Work Opportunity Tax Credit:** New Hampshire Employment Security

The Work Opportunity Tax Credit (WOTC) program is designed to help individuals facing barriers move into gainful employment. This program encourages employers in the private sector to hire job seekers from one of the designated target groups.

**Learn More:** [here](#)

**Example:** [here](#)

**Contact:** (603) 345-0861



## Nashua Area Tax Incentives

### **Nashua Revolving Loan Fund:** In partnership with local lenders

The Greater Nashua Revolving Loan Fund (RLF) provides flexible alternative financing for working capital, as well as the purchase of machinery, equipment and real estate to businesses located within or moving to Greater Nashua. Businesses located within or moving to the City of Nashua or the Towns of Amherst, Brookline, Hollis, Hudson, Litchfield, Lyndeborough, Merrimack, Milford, Mont Vernon, Pelham, and Wilton are eligible to apply. Companies with high growth and job creation potential are strongly encouraged to apply, especially those involved with high technology, manufacturing, information processing and professional & business services.

**Learn More:** [here](#)

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## Sources

### Federal Departments & Agencies: [here](#)

- *Department of Interior*
- *Department of Housing & Urban Development*
- *Department of Treasury*
  - Internal Revenue Source (IRS)
- *Department of Commerce*
  - Economic Development Agency (EDA)
- Council of Development Finance Agency (CDFA)
- Grant.gov
- GovLoans.gov
- America's Competitiveness Exchange (ACE)

### State Departments & Agencies: [here](#)

- *Department of Business & Economic Affairs (BEA)*
- *Department of Revenue Administration*
- *Department of Treasury*
- NH Employment Security
- NH Recovery Friendly Workplace
- NH Office of Strategic Initiatives
- NH Community Development Finance Authority (NH CDFA)
- Transparent NH (Tax Allocation)
- VisitNH (Travel & Tourism) / ChooseNH
- Live Free & Start
- StayWorkPlayNH (young college graduates)
- BIA (NH Business & Industry Association)
- NH Small Business Development Center (UNH Manchester)
- NHAR (NH Realtors)
- Pease Development Authority
- SelectNH (properties, demographic data)
- NH Business Finance Authority (NHBFA)
- NH Center for Nonprofits
- NH Housing Finance Authority (NHHFA)
- NH Charitable Foundation (NHCF)
- NH Works
- NH Community Loan Fund
- America's Small Business Development Center NH (SBDC)

**Local Departments & Agencies: [here](#)**

- *Department of Community Development*
- *Department of Economic Development*
- Regional Economic Development Center (REDC)
- Great American Downtown
- Greater Nashua Chamber of Commerce
- Capital Regional Development Council (CRDC)