Approved (5-0-0) 03/21/2012

Economic Development Citizens Advisory Committee (EDCAC)

Minutes for February 8, 2012

Held in Town Hall Conference Room

Present: Susan Lee, Linda Bonetti, Doug Dowell, Richard Tucker, Ed Fasci, Greg Michael, Marc Casseres
Town Council Representative: Bill Boyd
Absent: N/A
Excused: Chris Woods

7:02 pm Chair Susan Lee Called meeting to order

Guest(s): N/A

Meeting chaired by Chairperson Susan Lee.

Agenda Items:

There were no minutes from the January meeting for review; they will be presented at the March meeting.

Marc Casseres presented his findings regarding Economic Revitalization Zones (see presentation below)

- ERZ's provide Business Profit Tax credits for qualified properties
- Greg asked if a TIF could be over-layed in an ERZ zone. The answer was that an ERZ could exist in a TIF (larger zone). A TIF provides relief to a developer's real estate taxes.
- RSA 162 (authorizing legislation) will sunset in July 2015, the Greg believes that Legislators will likely extend the law.
- Greg Michael took an action to meet with Tim Thompson to discuss our thoughts, get his endorsement (prior to presenting to the Town Council) and then get with Marc for final modifications to the brief. Richard Tucker took an action to discuss the possibility of collaboration with the Chamber of Commerce on this effort once approved by Town Council. Bill Boyd took action to add this topic to Town Council Agenda for March.
- Motion made by Ed to accept brief and actions (above) and move this initiative to Town Council. Motion seconded by Doug. No further discussion, motion carried 7-0-0.

New Business:

- Susan offered congratulations to Bill Boyd for his recent election as Vice Chairman of the Town Council.
- Bill Boyd briefed the committee that the Town Budget was complete and that a line item of $7K was approved for the EDCAC and that it could be applied to improvements to the Website. Bill

also indicated that Atrium Medical had withdrawn from plans to build a new facility near the FAA, but that they were still very interested in locating to an existing property in Merrimack.

- Bill next informed the Committee that the new Outlet Malls were scheduled to open June 14th this year.
- Lastly, Bill provided a narrative of a Toll Relief brief that he provided in Concord. Our legislature is considering legislation that may provide some relief to Merrimack residents.

Closing Comments:

The next meeting is scheduled for March 14, 2012 in the Town Hall Conference Room

Ed made a Motion to close the meeting, which was seconded by Linda and was carried 6-0-0. Susan then closed the meeting at 8:31 pm.

These minutes are respectfully submitted to the Committee by,
Richard S. Tucker
Secretary – Economic Development Citizens Advisory Committee

Economic Revitalization Zone
EDCAC Study

February 8, 2012

ERZ Background

- Statutory Authority: RSA 162-N:8 (sunset July 2015)
- Purpose:
  - Stimulate economic redevelopment, expand the commercial and industrial base, create new jobs, and increase tax revenue by encouraging revitalization in designated areas.
- Executive Summary:
  - Town designates property. Taxpayer adds jobs and invests in property. Taxpayer receives tax credit.
- Town can designate as many properties as desired that meet the zone criteria.

Zone Criteria

- Most applicable ERZ Zone characteristic applicable to Merrimack must contain:
  - A. Unused or underutilized industrial parks
  - B. Vacant land or structures that if designated as an ERZ zone would likely result in the reduction of the rate of vacant or demolished structures
  - Other characteristics outlined in statute but less applicable

2 most frequently used in NH

- Merrimack currently has 3 ERZ zones:
  - 40 Continental Blvd (approved 3/10); vacant
  - 10-21 Continental Blvd (approved 12/10); Brevan Elec, Tech Inc, JAM Proactive, DRS
  - 57-59 DW Highway (approved 3/10); former Nashua Corp

- Merrimack/Tenant has never taken advantage of the benefits. No advantage of creating zone without company identified.

Eligibility & Credit

- Eligibility:
  - Taxpayer must create new jobs and meet at least one criteria pertaining to investments made at the business location in a) real or personal property, b) add'l buildings, machinery, equipment, c) alterations/repair

- Taxpayer Benefit:
  - $40,000 maximum tax credit per year for up to 5 years for a total benefit of $200,000. (State annual budget is $825,000 for all taxpayers claiming credit)
    - Tax credit is based on the sum of 4-6% of salary of each new job created <u>and</u> 4% of actual cost incurred for creating new facility or renovating existing facility. (About 70 to 190 manufacturing jobs or less depending on building investments)

Process

- Business shows interest in location that meets criteria
- Town Council requests ERZ designation by submitting Form ERZ-1
  - Name/map of property
  - Evidence of site eligibility
  - Decision made within 30 days of receipt of application
- Taxpayer applies for tax credit by submitting Form ERZ-2 ($100 fee)
  - Description of project
  - Quantity of jobs created
  - Investment in project
  - Decision made within 30 days of receipt of application

Conclusion

- Economic Revitalization Zone designations could benefit the town by attracting small businesses that want to invest and add jobs
- Simple application process by the town and taxpayer
- No fee to the town
- Tax credit provided by the state. No impact to the town.
- Recommended by the EDCAC