

SB 654-FN - AS AMENDED BY THE SENATE

03/05/2026 0829s

2026 SESSION

26-3253

07/05

SENATE BILL **654-FN**

AN ACT creating tax credits for businesses that have on-site child care services and for businesses that provide health care coverage for certain employees.

SPONSORS: Sen. Sullivan, Dist 18; Sen. Lang, Dist 2; Sen. Ricciardi, Dist 9; Rep. Rice, Hills. 38; Rep. Notter, Hills. 12; Rep. Kuttub, Rock. 17

COMMITTEE: Ways and Means

AMENDED ANALYSIS

This bill creates tax credits against the business profits tax for businesses that have on-site child care services and for businesses that provide health care coverage for certain employees. This bill also makes an appropriation to the department of revenue administration for improvements and system upgrades to the revenue information management system.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struck through~~].
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 creating tax credits for businesses that have on-site child care services and for businesses that provide health care coverage for certain employees.

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

1 1 New Paragraphs; Business Profits Tax; Credits. Amend RSA 77-A:5 by inserting after
2 paragraph XVII the following new paragraphs:

3 XVIII. There shall be allowed an on-site child care services tax credit for eligible businesses,
4 according to the following:

5 (a) The credit shall be equal to 20 percent of qualifying expenditures, as defined in 26
6 U.S.C. section 45F, tied to operating or contracting for on-site or nearby child care services for
7 employees, up to \$100,000 per fiscal year.

8 (b) An eligible business shall have its child care service facility for its employees housed
9 within the business' main building, inside a shared building where both the business and child care
10 facility are located, or in separate buildings within the same office or industrial park, or within 1/4 of
11 a mile of the above.

12 (c) Unused tax credits may be carried forward for up to 4 years. Older credits shall be
13 utilized first.

14 (d) A business that receives a credit under this paragraph shall be required to pay any
15 tax not paid due to credits received if it closes an on-site child care facility within 3 years of receiving
16 a credit and continues to maintain its primary business operations at the same address no later than
17 the tax year following the closure.

18 (e) The department of health and human services and the department of revenue
19 administration may share information about facility closures without waiving any other applicable
20 confidentiality rules or requirements.

21 (f) Upon written request made prior to the filing of the applicable tax return, the
22 commissioner may waive the repayment of tax not paid due to credits in circumstances where a child
23 care facility is closed due to no fault of the business that received the credits or due to circumstances
24 beyond the control of the business that received the credit. Factors which the department should
25 consider in determining whether to waive the repayment obligation shall include the duration of the
26 closure if temporary, the reason for the closure as stated by the requestor, and the impact of the
27 closure upon the employees.

28 (g) Businesses that share a group child day care center may jointly claim the on-site
29 child care services tax credit under this paragraph. A joint application shall include a qualifying
30 contractual agreement of the use of the shared facility to the department prior to claiming the credit

SB 654-FN - AS AMENDED BY THE SENATE

- Page 2 -

1 under this paragraph. A qualifying contractual agreement shall include clauses regarding credit
2 recapture in cases of contract dissolution or the cessation of child care facility services.

3 (h) Taxpayers shall apply for the tax credit on forms provided by the commissioner and
4 applications shall be accompanied by information or records required by the commissioner.
5 Applications shall be processed in the order received, and shall be approved or denied within 60 days
6 of receipt. If an application is denied, the commissioner shall notify the taxpayer of the reason or
7 reasons for the denial.

8 (i) The aggregate of all on-site child care services tax credits issued by the commissioner
9 shall not exceed \$2,500,000 in any state fiscal year. Applications received in a fiscal year that exceed
10 the aggregate limit for that year may be considered and granted for the succeeding fiscal year or
11 years and shall receive priority over subsequently filed applications in applying the aggregate cap for
12 that fiscal year.

13 (j) The department may adopt rules pursuant to RSA 541-A regarding the procedure for
14 applying for the credit and the procedure for applying for waiver of the repayment obligation.

15 XIX. There shall be allowed a "parent hours" tax credit, according to the following:

16 (a) The credit shall be equal to 20 percent of the employer's cost of health care benefits
17 conferred to each parent hours employee, up to \$10,000 per year per employee.

18 (b) As used in subparagraph (a), "parent hours employee" means an employee with at
19 least one dependent child whose working hours fall entirely between 9:00 a.m. and 3:00 p.m. on
20 weekdays.

21 (c) Any costs of health care benefits included as a qualifying expenditure for purposes of
22 the on-site child care tax credit under paragraph XVIII shall be ineligible for the parent hours tax
23 credit.

24 2 Appropriation; Department of Revenue Administration. There is hereby appropriated to the
25 department of revenue administration the sum of \$40,000 for the fiscal year ending June 30, 2028,
26 for the purpose of making internal improvements and system upgrades to the department's revenue
27 information management system. The governor is authorized to draw a warrant for said sums out of
28 any money in the treasury not otherwise appropriated.

29 3 Applicability. Section 1 of this act shall apply to taxable periods beginning on or after
30 December 31, 2027.

31 4 Effective Date. This act shall take effect July 1, 2027.

SB 654-FN- FISCAL NOTE
AS AMENDED BY THE SENATE (AMENDMENT #2026-0829s)

AN ACT creating tax credits for businesses that have on-site child care services and for businesses that provide health care coverage for certain employees.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	Indeterminable Decrease	Indeterminable Decrease
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
Expenditures*	\$0	\$0	\$40,000	\$0
<i>Funding Source(s)</i>	General Fund			
Appropriations*	\$0	\$0	\$40,000	\$0
<i>Funding Source(s)</i>	General Fund			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

METHODOLOGY:

This bill creates a new on-site child care services tax credit against the Business Profits Tax (BPT) for employer businesses who have child care services for employees. The on-site child care services tax credit shall be equal to 20% of qualifying expenses up to \$100,000 per fiscal year with any unused tax credits available for up to 4 years. Multiple businesses may share a child care facility and each is able to claim the on-site child care services tax credit. The aggregate of all on-site child care services tax credits issued shall not exceed \$2,500,000 in any fiscal year. If a business closes a child care facility within 3 years of receiving a credit and continues to maintain its primary business operations at the same address, they will be required to pay back all credits received, unless the Commissioner of the Department of Revenue Administration determines the closure was due to no fault or beyond control of the business that received the credit.

This bill also establishes the parent hours tax credit against the BPT for employers who permit those with at least one dependent child to work not more than 9:00 a.m. to 3:00 p.m. on weekdays. The parent hours tax credit would be equal to 20 percent of the employer's cost of health care benefits for each employee working "parent hours", up to \$10,000 per year per employee. There is no aggregate cap for this credit nor does it have a carry forward provision.

The Department states this bill will decrease general fund and education trust fund revenue by an indeterminable amount but is not able to determine the magnitude of the fiscal impact due to the unpredictability of the credits being claimed and the associated business tax liability of the affected businesses.

The Department will need to develop an application and award process for purposes of administering the credits including the need to modify applicable business tax forms and instructions. Updates to the Revenue Information Management System will be needed to permit the claiming of the credits, managing the credits and managing the credit carry forwards. Based on estimates provided by its vendor, it is estimated to cost \$40,000 to adequately modify the electronic system to implement these credit programs and to not cause other work to not be completed. This bill appropriates \$40,000 of general funds for the fiscal year ending June 30, 2028 (FY 2028) for the required updates.

AGENCIES CONTACTED:

Department of Revenue Administration