

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 654-FN, creating tax credits for businesses that have on-site child care services and for businesses that provide health care coverage for certain employees.

Hearing Date: February 4, 2026

Members of the Committee Present: Senators Lang, Murphy, Sullivan, Rosenwald and Fenton

Members of the Committee Absent : None

Bill 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.

Sponsors:

Sen. Sullivan
Rep. Rice

Sen. Lang
Rep. Notter

Sen. Ricciardi
Rep. Kuttab

Who supports the bill: Pierre DuPont, Nancy Kelley, Claudia Gibson, Nancy Miles, Janet Hurd, Margaret Bowles, Shirley Montgomery, mdedith morgan, Curtis Hamilton, Margaret Jernstedt, Stephanie Moore, Sharon Racusin

Who opposes the bill: Margaret Trainor (SNHI), Cory Levine, Stacey Baston, David Toh, Liz Plat, Julie Smith, Russell Hodgkins, Arnold Scott, Bradley Louth, Mary L Lannon, Sarah Vishton

Who is neutral on the bill: Jennifer Ramsey (DRA), Brian Clark (DHHS)

Summary of testimony presented:

Sen. Sullivan

- This bill came about after dialogues Sen. Sullivan had with certain biotech businesses interested in coming to New Hampshire, about the concept of including childcare opportunities within their facilities and how the state of NH could incentivize them to do so and they were very receptive.
- The bill would give a tax credit on 20% of qualifying expenditures, up to \$100,000 per business, per fiscal year. This would require the businesses to have a childcare facility within their building or more generally on a shared property in certain cases.

- The bill also would incentivize businesses to have parent work day hours between 9am and 3pm, which would allow parents time to drive their children to school before work and pick them up at the end of the day, limiting the amount of time children need to spend in before or after school care.

Sen. Rosenwald asked if Sen. Sullivan knew how many businesses in New Hampshire currently had childcare facilities within their buildings.

Sen. Sullivan replied that the only one she knew of that had childcare facilities was Timberland.

Sen. Rosenwald commented that she had noticed that there was no aggregate ceiling on how much this tax credit liability could be for the state. She asked whether Sen. Sullivan had considered adding this information.

Sen. Sullivan replied that it was included in the bill per-business, and that the bill would go into effect July 1st, 2027, giving businesses time to implement this policy. She explained that this would allow for the businesses to take the time to properly implement this childcare infrastructure.

Sen. Rosenwald asked for clarification on the rationale behind the 9am-3pm parent hours, as it might only aid some parents more than others that have to drop their children off earlier in the day.

Sen. Sullivan explained that the intention was to give parents the time to drop their children off at school before going to work.

Sen. Rosenwald asked if a business should be required to contribute a certain percentage of the employee's healthcare premiums. She explained that many businesses contribute a certain percentage. She expressed concern that the way this bill is drafted, a business could pay 1% and get a \$100,000 tax credit. She asked if there should be a floor on the percentage the employer pays of the premium, or if it should not apply to high-deductible insurance plans.

Sen. Sullivan stated that she had interpreted this section of the bill as coming from the employee's benefits, meaning that it was not paid by the employee but the business.

Sen. Rosenwald asked to clarify that it is 20% of the healthcare benefit, which is what the employer pays, that would then give them the opportunity to take a \$100,000 tax credit per fiscal year, but there is no floor on what form that benefit should take in order to qualify as a tax expenditure.

Sen. Sullivan pointed to lines 28-29 and clarified that there was a cap of \$10,000 dollars per employee each fiscal year that could be taken.

Sen. Lang sought to clarify that the employer can only take 20% of their cost for the health insurance being provided to the employee.

Sen. Sullivan said that was correct and added that it would also help parents working part-time acquire healthcare as businesses would be incentivized by the tax credit to do so.

Sen. Fenton commended the bill and asked whether there was a way to expand the bill to include childcare facilities that might be a short drive away from the business so more businesses could take advantage of it.

Sen. Sullivan said she wasn't opposed to the idea but suggested taking that idea up next year. She explained that her intent with this bill is to have that child close by. This would allow mothers to nurse their child or have lunch with their child and maintain a bond throughout the day.

Sen. Lang asked about the aggregate cap on the program, and whether Sen. Sullivan was open to applying a cap on the expenditure to manage costs for the state.

Sen. Sullivan replied that it might incentivize businesses to join the program sooner, and that she would not be opposed to this idea.

Mr. Brian Clark - DHHS

- Mr. Clark explained that he was counsel for the Bureau of Child Development and Head Start Collaboration.
- He stated that the Bureau was concerned that the Department of Health and Human Services did not have experience in writing tax rules, and that this bill required the department to write such rules regarding what qualified as a qualifying expenditure.

Sen. Lang clarified with Sen. Sullivan that the intent behind having DHHS write these rules was to make sure that the program would be compatible with the existing childcare scholarship program.

Mr. Clark replied that any licensed childcare can qualify for the childcare scholarship. His interpretation of the bill had been that his department would be responsible for determining what could be counted for the tax credit. He argued that this could cause some confusion for taxpayers who have to navigate to a different area of the administrative code to determine what counts as a qualifying expenditure.

Ms. Jennifer Ramsey – DRA Tax Policy Counsel

- Ms. Ramsey explained that she was here on behalf of the Department of Revenue Administration and that she wanted to go over a few technical concerns.
- She stated that the bill currently did not have an applicability date with respect to what tax year would be the first in which the credit could be claimed. She recommended that wording be included in the bill to clarify the exact date of the periods in which a credit could be claimed. The effective date may need to be adjusted as well to ensure it can be implemented in time.

- She said there was some confusion over the wording of “fiscal year” throughout the bill, which could be interpreted as either the taxpayer’s fiscal year or the state’s fiscal year, the latter of which would create a few administrative challenges. She is hoping the intent was to refer to the taxpayer’s tax year.
- She also pointed the use of the words “rolled over” with regard to unused tax credits and explained that the DRA typically say that they can be “carried forward.”
- She also mentioned the wording of “rolled over first” on line 14, which she stated might instead be “utilized first.”
- Ms. Ramsey also discussed line 18, which stated that the DRA may choose to waive the recapture requirement for the credit under some circumstances, and wished for clarification on how that discretion should be applied. She stated that her department would prefer specific language that included the exact circumstances in which it might be waived, or greater specifics on the factors that would go into any discretion.
- She also questioned the provisions about split credits, and sought clarification on what the department should do if the taxpayer did not provide an agreement stating how the recapture would work.
- She also mentioned the parents hours tax credit used the word “dependents”, which is a tax term for the DRA and she didn’t think that was the intent of the bill and therefore sought a clearer definition for what was meant by that term in the bill.
- In regard to potentially placing a cap on the program, Ms. Ramsey mentioned that the department was currently considering this as a credit included on a tax return without a separate application process. If we moved to a capped tax credit program, like the research and development tax credit, it would necessitate an application and that might require an additional staff person and would require a technical system upgrade at a cost of \$40,000 per tax credit program.
- The qualifying expenditures rulemaking authority, whether placed with DHHS or DRA, is currently too broad and asks the department to put definitions in law that don’t currently exist. She explained that their rulemaking authority is limited to implementing existing law, but they cannot go beyond that. The department cannot create new law through rules. She stated that further guidance on what a qualified expenditure is would be helpful to her department.

Sen. Sullivan stated that she would be happy to work with the DRA on the bill.