

# Senate Finance Committee

*Sonja Caldwell 271-2117*

**HB 1042**, raising the unified contingent credit limit.

**Hearing Date:** March 24, 2026

**Members of the Committee Present:** Senators Gray, Innis, Birdsell, Pearl, Lang, Rosenwald and Watters

**Members of the Committee Absent :** Senator Carson

**Bill Analysis:** This bill raises the unified contingent credit limit applicable to New Hampshire business finance authority projects and programs.

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**Sponsors:**

Rep. Sweeney

Sen. Abbas

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**Who supports the bill:** James Key-Wallace (NHBFA)

**Who opposes the bill:** Cory Stone, Nicole Ford Burley, Daniel Richardson

**Who is neutral on the bill:** No one

**Summary of testimony presented:**

**Sen. Gray** introduced the bill in the absence of any sponsors.

**Sen. Rosenwald** asked Sen. Innis if he intended to recuse himself since he is on the board of directors of the NH Business Finance Authority.

**Sen. Innis** stated that since he was a nonvoting member of the board ex officio, he was not recusing himself.

**James Key-Wallace - Executive Director NH Business Finance Authority (NHBFA)**

Mr. Key-Wallace stated that the Senate approved SB525, which raised this same limit to \$500 million and HB1042 is the House version.

Senator Gray asked Mr. Key-Wallace to explain the bill further since no sponsors were available to introduce the bill.

Mr. Key-Wallace explained that the BFA has a number of tools to help businesses, one of which is to do BFA backed guarantees for expanding companies. Current law limits how many can be in force at any given time and it is not indexed for inflation. In the

BFA's 35-year history, the state has never had to pay out on a state guarantee. As costs go up, the BFA must occasionally ask the legislature to increase the limit. He stated that the BFA does not use any state or taxpayer funding. There is no cost associated with this bill. The bill gives them the ability to ask to issue a guarantee as they require approval by the board and the Executive Council.

Sen. Watters asked for the rationale behind the \$400 million figure as opposed to some other lesser amount.

Mr. Key-Wallace said there are two dynamic forces occurring at the same time that are using up more of the BFA's guarantee capacity. One is that projects are more expensive; inflation has been more rapid in the last ten years. The other is that NH has been more successful in recruiting companies, specifically larger companies. They are not only doing more projects but bigger projects. He cited New Balance as a recent example. The BFA helped recruit them to NH and this product was used as part of that arrangement. New Balance invested \$70 million in the State of NH.

Sen. Innis asked when the current \$200 million limit was put in place.

Mr. Key-Wallace said 2023.

Sen. Rosenwald stated that BFA loans are historically low risk and asked if doubling this amount would result in the BFA taking on riskier projects that might lead us into a situation where someone doesn't pay their debt service and the state is on the hook, which could potentially damage the state's bond rating. She went on to ask how many projects they are turning down because of the current limit.

Mr. Key-Wallace said no they would not be taking on more risk. Raising the limit just allows them to do more of what they have been doing successfully. The guarantees are typically long-term, from ten to twenty years. They don't come off at the same pace; this is just a matter of needing a higher ceiling. He added that the repayment rate of BFA loans is 99% and the state has never had to pay. They also require collateral for the loans they make.

Sen. Rosenwald asked if the BFA would be tackling housing projects with this money or if that is left to the NH Housing Financing Authority, which she said is also asking to have their guarantee raised.

Mr. Key-Wallace explained that the BFA's purpose is business development, which includes nonprofits and community infrastructure. They do not have legislative authority to do solely housing projects. They do partner with the Housing Authority on projects. He said they just did a remediation of a tannery in Nashua that will lead to housing units.

Sen. Rosenwald mentioned a \$50 million senior housing project in Nashua that the BFA was involved with.

Mr. Key-Wallace explained that one of things the BFA does is they are the state's issuer of conduit bonds. When a state or town borrows money, it is a municipal, tax-free bond with a lower interest rate. There are provisions within federal law that allow nonprofit organizations to borrow at the same rate as a town can. The senior housing

facility is a private loan, not a BFA loan. The BFA is just certifying that it is a nonprofit and meets IRS requirements allowing them to borrow at a lower cost from the bank. He described it as compliance work.

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