

Senate Education Committee

Trevor Currier 271-4151

HB 1774-FN, relative to qualifying scholarship granting organizations and federal workforce Pell grants.

Hearing Date: March 31, 2026

Time Opened: 9:16 a.m.

Time Closed: 9:35 a.m.

Members of the Committee Present: Senators Ward and Prentiss

Members of the Committee Absent : Senators Sullivan, Abbas and Altschiller

Bill Analysis: This bill:

I. Directs the department of revenue administration to participate in the federal income tax credit for contributions of individuals to qualified scholarship granting organizations.

II. Directs the department of education to create a qualifying scholarship granting organizations list.

III. Directs the governor to approve workforce training programs for federal Workforce Pell Grants.

Sponsors:

Rep. Kofalt
Rep. Sweeney
Rep. P. Brown
Rep. McDonnell

Rep. Morse
Rep. Miles
Rep. Mattson
Sen. Innis

Rep. Osborne
Rep. Noble
Rep. Packard
Sen. Avar

Who supports the bill: 3 People signed in support of HB 1774-FN. To see the full list of sign-ins, please email the committee aide (trevor.currier@gc.nh.gov).

Who opposes the bill: 111 People signed in opposition to HB 1774-FN. To see the full list of sign-ins, please email the committee aide (trevor.currier@gc.nh.gov).

Who is neutral on the bill: 1 Person signed in neutrality to HB 1774-FN. To see the full list of sign-ins, please email the committee aide (trevor.currier@gc.nh.gov).

Summary of testimony presented in support:

Representative Jim Kofalt, *Hillsborough 32*

- Representative Kofalt introduced and testified in support of House Bill 1774-FN.
- Representative Kofalt explained that this bill responds to the U.S. Congress HR 1, also known as The One Big Beautiful Bill, which seeks to explore federal scholarship tax credits and Pell grants.
- He stated that the federal scholarship tax credit program requires annual executive approval to opt in. He shared that the legislation would automatically include the state, without requiring annual executive approval.
- Representative Kofalt explained that this program allows individuals to donate to scholarship-granting organizations and to receive a federal tax credit on their federal income tax return for up to \$1,700 per person.
- He added that this bill would enable scholarship organizations in the state to receive federally funded, tax-deductible, and credible donations to support scholarships for students in households earning below 300% of the area median income. He stated this accounts for about 80% of the student population in New Hampshire.
- Representative Kofalt explained that the Governor has already opted New Hampshire into this program, but to ensure predictability and stability, it would be helpful to add the opt-in to the statute. He stated that the executive opt-in required annual renewal.
- He stated that 28 other states have opted into this program.
- Representative Kofalt stated the scholarship money for students accessing public school services in school districts where the student does not reside.
- Representative Kofalt explained that this bill also considers Pell Workforce Grants for moderate to low-income students in degree programs. He added that HR-1 changed the understanding of degree programs to include certificate programs as well.
- He explained that these certificate programs must last between 8 and 15 weeks and provide an industry-wide certification rather than approval from just one business.
- Representative Kofalt explained that this bill would enable New Hampshire to join this statewide program quickly and efficiently.
- Representative Kofalt stated that the federal requirements are that the program must achieve 70% completion and job placement rates, that the program results in a wage of 150% above the poverty line, and that it is offered by accredited institutions eligible for federal aid.

- He explained that NHTI and Manchester Community College could benefit from this bill and that low- to medium-income families would receive a much-needed boost.
- Representative Kofalt explained that a recent study in Texas showed that these types of programs do increase average earnings. He cited a specific example of a transportation program that resulted in an income increase of \$12,000.
- Representative Kofalt stated that 17 states have similar legislation, and two of these states have already signed them into law.
- Senator Prentiss inquired whether the bill would increase the amount people are eligible to receive as a tax credit. Representative Kofalt clarified that the \$1,700 is not a cap on donations but rather the amount that can be claimed on a tax return. He reiterated that the criteria for receiving these grants are that students have a household income below 300% of the median income. He also mentioned that many of the questions raised in the fiscal note are moot since the state is already involved in the program and the federal rules are believed to have been established.
- Senator Prentiss asked for clarification regarding the opt-in options, comparing the option involving the governor versus the mechanism of the legislature opting in. He responded that governors can opt the state in, but that the Governor must renew the opt-in annually. He stated that the pending legislation would make it permanent unless a future legislature repeals it.

Summary of testimony presented in opposition: None.

Neutral Information Presented:

Jennifer Ramsey, New Hampshire Department of Revenue Administration

- Ms. Ramsey explained that the DRA does not get involved in the Pell Grant part of the bill, but the DRA is responsible for choosing to participate in the federal income tax credit program each year.
- Ms. Ramsey stated that she isn't sure whether the legislation would prefer the DRA to have the authority to opt in annually, even if a future governor wished to no longer participate.
- She added that the DRA commissioner does not have the authority under the law to opt in or out of federal tax credits, which is what the bill requires.
- Ms. Ramsey explained that the relevant definitions for the bill are included in RSA 21-I to the Department of Administrative Services, but not to the DRA or the Department of Education.

- She stated that the language in section 2 of the bill indicates that the statute would apply to years ending after December 31, 2026, but it should say “on or after” to include the 2026 tax year.
- Senator Prentiss asked whether the reference should go to the DRA or the DOE, and not the Department of Administration Services. Ms. Ramsey responded that this would make it clearer where the definitions apply and recommended the Department of Education.
- Senator Prentiss asked if there could be a conflict between executive and legislative opt-in. Ms. Ramsey explained that if a future governor did not want to opt into the program and the DRA is directed to do so anyway, there could be a power conflict.
- Senator Prentiss asked if there was a suggestion to avoid this conflict. Ms. Ramsey responded that the RSA, which specifies the powers of the DRA commissioner, could include language concerning the choice to opt into or out of federal tax credits, but she noted that this is a policy decision for the legislature.