

Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 1433-FN, creating a child care tax credit for qualifying businesses.

Hearing Date: April 1, 2026

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

Members of the Committee Absent : None

Bill Analysis: This bill creates a child care tax credit for qualifying businesses.

Sponsors:

Rep. Kuttab

Rep. Drye

Rep. Janigian

Rep. Mary Murphy

Rep. Mooney

Rep. Schamberg

Rep. D. Paige

Rep. Rice

Rep. Ohm

Rep. L. Walsh

Sen. Ricciardi

Sen. Reardon

Sen. Birdsell

Sen. Sullivan

Who supports the bill: 122 individuals signed in support of the bill.

Full sign in sheets available upon request sonja.caldwell@gc.nh.gov

Who opposes the bill: 4 individuals signed in opposition to the bill.

Who is neutral on the bill: 1 individual signed in neutral on the bill.

Summary of testimony presented:

Rep. Katelyn Kuttab

- Rep. Kuttab said the availability of reliable child care is crucial to allow parents to remain in the workforce and to attract businesses to our state.
- There is currently a critical shortage of child care facilities in NH that has resulted in a 12 month wait list for openings.
- Addressing this issue is essential for maintaining our state's economic competitiveness.
- This bill aims to increase the availability and supply of child care by introducing a tax credit for businesses that establish new child care seats or expand existing child care seats by at least 12 seats after January 1, 2027.

- Businesses can claim a tax credit equal to 50 % of qualifying expenditures. Qualifying expenses include capital investments as well as operational costs for the first two years.
- The credits can be carried forward up to four years but are not refundable.
- The aggregate amount of tax credits is capped at \$5 million per year. The bill does not apply until tax periods ending on or after December 31, 2027, which will be the next budget cycle. Applications will be processed on a first come first served basis.
- It is important to make this investment in child care to alleviate the critical shortage in our state.

Sen. Rosenwald commented that NH is missing 9,000 licensed childcare spots.

Rep. Kuttub said she was aware and that shortage is causing the 12-month wait list.

Sen. Rosenwald said a recent study indicated child care workers are the second lowest paid employees in NH. She asked if this bill would help improve the compensation of childcare workers.

Rep. Kuttub replied, not directly; although many businesses are realizing that in order to stay in business, they do need to make that investment and pay better wages. Under this bill, the business will get a tax credit and that might enable them to pay the workers better.

Andrea Hechavarria - NH Life Sciences

- They support this tax credit.
- This is the number one issue for many of their companies.
- Some of the larger manufacturers in their membership are seeing their employees drive up to an hour to get child care.
- They specifically like the flexibility of this bill as it allows the employer to find a solution that works for them.
- She thinks this bill should be looked at together with the research and development tax credit bill. One solves a challenge impacting our workforce right now and the other is forward thinking.

Natch Greyes – BIA

- They are supportive of this bill.
- They asked Brian Gottlob for an estimate of how many people are out of the workforce that could be working due to lack of child care and he estimated between 5,000-10,000.
- The credit is designed as an incentive to increase supply. It may affect worker pay as well based on the flexibility that it provides.
- The bill would allow an employer to open an onsite childcare facility or partner with an existing provider in the community to expand their existing operation.

- By increasing supply, we increase the number of children in programs and economies of scale might help increase pay.
- The bill was designed for a variety of businesses.
- Typically, what they would expect to see funded through this would be center-based programs and those take two to three years to stand up.
- He suggested we would see the effect of the bill two years out from passage.

Sen. Sullivan said she wants to see parents spend more time with their kids, not less. She doesn't want to force all kids into child care and force all parents into the workforce. We need to provide the opportunity for those who need to work or want to work but she doesn't think the focus should be on just the workforce.

Mr. Greyes said he completely agreed. The estimate from NHFPI is that NH is 9,000 spots short of demand.

Sen. Fenton asked if he had any concern that this bill misses truly small businesses that cannot afford this large capital cost. They don't have the same opportunity that large businesses do.

Mr. Greyes said their focus when providing feedback to the prime sponsor was on how to maximize the number of seats that could be created. He thinks there will be future legislation to help incentivize smaller businesses to make investments. This credit is trying to focus on supply.

Sen. Fenton said a lot of small businesses are struggling to stay in business. He asked how they can help them and get them affordable childcare.

Mr. Greyes agreed that small businesses don't have the capital to make this investment. The great thing about this tax credit is that they expect that businesses will partner with childcare providers already in their community to help them expand and those seats will be open to everyone, including the employees of small businesses. Partnering with those who have a background in child care is a better option for businesses than standing up their own facility.

Trina Ingelfinger – New Futures

- She stated that there are not enough childcare slots to meet family demand.
- The number of childcare programs in the state has declined since the pandemic, leaving some communities without access to childcare.
- They are seeing this in rural areas and small municipalities.
- Child care shortages depress workforce participation and according to the NHFPI, cost the state \$150-250 million per year.
- The shortages are affecting NH's ability to attract and retain a young workforce.
- New Futures strongly supports the bill.

Corinne Benfield – Stay work play NH

- Their organization is focused on retaining a young, talented workforce.

- Childcare is a top concern they hear about.
- This is not just a young person issue. There are ripple effects throughout demographics and industries.
- This bill sends a signal to young people that our state does see child care as essential infrastructure.
- This is a future focused policy that they support.

Jennifer Ramsey – DRA

- One of the changes in the bill as amended by the House was to add a cap to this tax credit which requires the DRA to start up an application process.
- She said they can do that with existing personnel; however, they cannot reprogram software. That must be done by their vendor at a cost of \$40,000. There is no appropriation in the bill for that amount, so she asked the committee to consider adding it.

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Date Hearing Report completed: April 3, 2026