

Senate Ways and Means Committee

Sonja Caldwell 271-2117

HB 1102-FN, increasing the research and development tax credit cap.

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:

I. Raises the aggregate value of all research and development tax credits that can be claimed.

II. Raises the hard cap on the research and development tax credit an entity can claim.

Sponsors:
Rep. Janigian

Who supports the bill: Rep. John Janigian, Andrea Hechavarria (NH Life Sciences), Heather McGrail (Greater Manchester Chamber of Commerce), David Peters (Elliott Controls, Inc.), Natch Greyes (BIA), Cory Stone, Samantha Farrer

Who opposes the bill: Patricia Anastasia

Who is neutral on the bill: No one

Summary of testimony presented:
Rep. John Janigian

- Rep. Janigian said the research and development tax credit has had an aggregate limit of \$7 million for eight years. For each company, there is an individual tax cap of \$50,000. That individual business cap has not changed in 15 years.
- This bill increases the aggregate cap from \$7 million to \$10 million and increases the individual cap from \$50,000 to \$100,000.
- He said that we have been hitting the \$7 million aggregate limit.
- A lot of the companies applying for the research and development tax credit are typically smaller, including some life sciences companies.

- The research and development tax credit is a great program that encourages these small companies. The life sciences companies typically bring a higher-than-average salary.
- By increasing the research and development tax credit cap we encourage more companies to take advantage of this.

Sen. Rosenwald stated that the legislature has been receptive to increases in the research and development tax credit but asked if he thought this was the right time to do this given the current revenue picture and our inability to fund essential government services.

Rep. Janigian said they had several bills in his committee that proposed tax credits and they killed them for that reason. He explained that they made an exception for this one because they thought it created growth for the future. If companies come to NH and grow it will increase business tax revenue, so they thought the \$3 million was worth the investment.

Sen. Rosenwald mentioned that later, the committee will be hearing another tax credit bill on child care. She said we know that the lack of child care is limiting businesses' ability to grow. She asked if he thought we should make sure the businesses that are here in NH can hire the employees they need by increasing capacity for child care rather than thinking of spending \$3 million to bring new businesses here that will run into same workforce problems.

Rep. Janigian said when the House looked at the full range of bills with tax credits, they chose to pass both the research and development tax credit increase and the \$5 million child care tax credit. The House believed both had merit and he would like both bills to pass.

Sen. Fenton said we are at a time when state revenues are low. The fiscal note says the state could see a \$3 million loss in revenue in the first year. He asked if Rep. Janigian had clear economic data that businesses will come to NH as a result of this bill.

Rep. Janigian responded that that would be predicting the future. He said there are others to testify who can speak to the growth of the industry. He added that March revenues were positive, not including the tax amnesty program.

Sen. Lang asked if he would be opposed to staggering the implementation dates of the two bills, so the credits don't hit at same time.

Rep. Janigian said no, he would not be opposed to that.

Sen. Rosenwald asked if he thought that one month made a trend. Most of that growth in the March revenues was not business taxes. She asked if he was confident that one month can predict a trend.

Rep. Janigian said no, one month doesn't predict a trend but he was encouraged that business taxes were above plan for March. He said the current war situation may put a little doubt on some of the revenues, but he did not think it would be a long-term

issue. When originally estimating revenues, House Ways and Means thought the second half of fiscal year 2026 would start to show gains.

Andrea Hechavarria – NH Life Sciences

- NH Life Sciences is a new trade association formed in 2023 to support the growing sector. There is a lot of biotech and medtech happening in certain areas of NH and the research and development tax credit is very important to them. It takes a biotech company 10-15 years to go to market and every dollar counts to do that innovation.
- The NH credit is unique in that it is tied to manufacturing.
- This bill is an opportunity to make the credit more competitive.
- While the state has raised the aggregate cap over the last several years, the individual cap has not been raised since 2008.
- The dollars and economic benefit of the tax credit are there. She said there are statistics from the DRA that show growth since the credit's inception in 2008. Over 16 years, there has been an annual growth rate of 12.7% in NH's qualified wages. There is a direct link to the employment benefit from the research and development tax credit.
- The credit helps companies here now but also serves to incentivize other companies to come here.
- They represent 60 companies.
- The number one issue with the credit is it is so popular, most companies only get half of the \$50,000.

Sen. Lang reiterated that the credit always hits its cap and the companies eligible only get a prorated portion.

Ms. Hechavarria said that was correct.

David Peters – Elliott Controls

- Mr. Peters said Elliott Controls is a small family business in Amherst.
- He supports increasing the research and development tax credit because it will foster a statewide economy of innovation.
- The increase matters right now because of intense global competition to perform innovation elsewhere and at a lower cost.
- The increase matters to him because he is in his first year of running a small business and said he is looking forward to making a profit and paying taxes.
- His company provides building automation systems to reduce energy consumption and create a high-performance building for some of the most complex, high-cost research and development manufacturing corporations who are doing business in NH.

- His newest customer is based in the middle east. They started a new lab in Massachusetts a few years ago. When deciding where their first manufacturing facility should be, they chose NH.
- Two of the biggest reasons people are looking to start up in NH are the lower cost of real estate and low regulatory burden for research.
- The people who benefit from the research and development tax credit can stand up a manufacturing plant and do the research anywhere. They are looking for a competitive advantage to stay here while going through multiple years of heavy losses before they have approval or a marketable product.
- When you consider that they will be operating under a loss for 5-10 years, any bit of help the state can give them is going to pay off in future dividends.
- The research and development tax credit will excite small startups.
- The company he is supporting just started a lab in a former autobody shop. They are developing a method of destroying cancer tumors with radioactive seeds.
- They are looking for another facility to scale up immediately and are looking at other states. Mr. Peters is working with the BEA to keep this company here in NH. If they are successful and stay here it will benefit smaller companies like his. When he mentioned the research and development tax credit and this bill, the CEO of the company was very interested.

Natch Greyes – BIA

- The BIA supports the bill.
- He believes it is reasonable to stagger the effective dates.
- Given that the bill does two different things, it might be possible to have the per business cap go into effect sooner as that wouldn't hit the overall revenue number.

SC

Date Hearing Report completed: April 3, 2026