

SB 602-FN - AS INTRODUCED

2026 SESSION

26-2237

12/06

SENATE BILL **602-FN**

AN ACT relative to the withholding of state payments to the federal government in response to suspended federal aid.

SPONSORS: Sen. Perkins Kwoka, Dist 21; Sen. Rosenwald, Dist 13; Sen. Prentiss, Dist 5; Sen. Altschiller, Dist 24; Rep. Simpson, Rock. 33; Rep. Telerski, Hills. 11

COMMITTEE: Finance

ANALYSIS

This bill requires the commissioner of the department of administrative services to withhold moneys owed to the federal government where the federal government has withheld existing or expected state aid to New Hampshire by means of an executive order or contravention of a court order. The bill also authorizes the commissioner to make payments owed to the federal government upon New Hampshire's receipt of existing or expected state aid.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to the withholding of state payments to the federal government in response to suspended federal aid.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Short Title. This act shall be known as the "Protect Our Money Act."

2 2 New Paragraph; Frozen Federal Aid; Requirement to Withhold Moneys Owed to Federal
3 Government. Amend RSA 21-I:13 by inserting after paragraph XIX the following new paragraph:

4 XX. If the commissioner determines that federal aid to this state that was previously
5 authorized under an act of Congress is being withheld under an executive order of the president of
6 the United States or in contravention of a court order, the commissioner shall do all of the following:

7 (a) Determine the approximate amount of federal aid this state is being deprived of or is
8 expected to be deprived of as the result of the executive order or contravention of the court order.

9 (b) No later than 60 days after the date of the executive order or court order, submit to
10 the speaker of the house of representatives, the president of the senate, the house clerk, the senate
11 clerk, and the governor, for distribution to the legislature a report that does all of the following:

12 (1) Describes in detail the amount of federal aid this state is being deprived of or is
13 expected to be deprived of as the result of the executive order or contravention of the court order, as
14 determined under subparagraph (a).

15 (2) Identifies all moneys this state is required to pay to the federal government for
16 any reason during the succeeding 12 months after the report is submitted.

17 (c) Of the moneys identified under subparagraph (b)(2), withhold the payment of those
18 moneys to the federal government in a total amount not to exceed the approximate amount of federal
19 aid this state is being deprived of or is expected to be deprived of as the result of the executive order
20 or contravention of the court order, as determined under subparagraph (a).

21 (d) Authorize the payment to the federal government of the moneys withheld under
22 subparagraph (c) upon the state's receipt of all federal aid previously withheld under the executive
23 order or in contravention of the court order.

24 3 Effective Date. This act shall take effect 60 days after its passage.

SB 602-FN- FISCAL NOTE
 AS INTRODUCED

AN ACT relative to the withholding of state payments to the federal government in response to suspended federal aid.

FISCAL IMPACT: This bill does not provide funding, nor does it authorize new positions.

Estimated State Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$0	\$0	\$0	\$0
<i>Revenue Fund(s)</i>	None			
Expenditures*	\$0	Indeterminable Increase		
<i>Funding Source(s)</i>	General Fund and Various Agency Funds			
Appropriations*	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

Estimated Political Subdivision Impact				
	FY 2026	FY 2027	FY 2028	FY 2029
County Revenue	\$0	Indeterminable		
County Expenditures	\$0	Indeterminable		
Local Revenue	\$0	\$0	\$0	\$0
Local Expenditures	\$0	\$0	\$0	\$0

METHODOLOGY:

This bill creates the Protect Our Money Act which requires the Commissioner of the Department of Administrative Services to withhold payments owed to the federal government if the federal government suspends or withholds federal aid to the state through an executive order or in violation of a court order. The bill requires the Commissioner to determine the amount of aid being withheld and report it within 60 days. The state would then withhold an equivalent amount of money it owes to the federal government, and only release those funds once the previously withheld federal aid is received.

The Department of Administrative Services (DAS) states that this bill could lead to an indeterminable increase in state expenditures. The most likely source of funds the state might withhold from the federal government would be payroll taxes deducted from employee wages.

However, failing to remit these taxes could subject the state to significant IRS fines and penalties. Additionally, the federal Treasury Offset Program (TOPS) allows the federal government to reduce the state's access to federal funds in response. As a result, DAS indicates that the bill poses a risk to the state's cash flow, jeopardizes federal funding, and could expose the state to substantial financial penalties.

Additionally, the Treasury Department indicates that there would be an indeterminable impact at the county level if the state were to lose funding relative to the Medicaid program.

AGENCIES CONTACTED:

Department of Administrative Services and Treasury Department