

HB 1433-FN - AS INTRODUCED

2026 SESSION

26-2277

07/05

HOUSE BILL **1433-FN**

AN ACT creating a child care tax credit for qualifying businesses.

SPONSORS: Rep. Kuttab, Rock. 17; Rep. Drye, Sull. 7; Rep. Janigian, Rock. 25; Rep. Mary Murphy, Hills. 27; Rep. Mooney, Hills. 12; Rep. Schamberg, Merr. 6; Rep. D. Paige, Carr. 1; Rep. Rice, Hills. 38; Rep. Ohm, Hills. 10; Rep. L. Walsh, Rock. 15; Sen. Ricciardi, Dist 9; Sen. Reardon, Dist 15; Sen. Birdsell, Dist 19; Sen. Sullivan, Dist 18

COMMITTEE: Ways and Means

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ANALYSIS

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

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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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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 creating a child care tax credit for qualifying businesses.

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

1 1 Statement of Purpose. The general court finds that:

2 I. The availability of reliable child care is critical for parents to remain in the work force,  
3 and that there is a shortage of child care available to working parents in New Hampshire.

4 II. It is in the interest of this state to stimulate the creation and expansion of child care  
5 programs by providing an incentive to businesses in the form of a tax credit.

6 III. The department of revenue administration should administer a new tax credit for  
7 businesses that provide additional child care opportunities.

8 2 New Chapter; Child Day Care Creation Tax Credit. Amend RSA by inserting after chapter  
9 162-U the following new chapter:

10 CHAPTER 162-V

11 CHILD DAY CARE CREATION TAX CREDIT

12 162-V:1 Short Title. This chapter may be known and cited as "The Child Day Care Creation Tax  
13 Credit Program."

14 162-V:2 Definitions. In this chapter:

15 I. "Child care program" shall have the same meaning as group child day care center under  
16 RSA 170-E:2, IV(c).

17 II. "Creates child care" means making available child care seats in a New Hampshire-  
18 licensed child care program by a business entity, either directly or through a third-party, where such  
19 child care program was not available prior to January 1, 2027.

20 III. "Expands child care" means the increase in the number of child care seats in a child care  
21 program made available by a business entity, either directly or through a third party, provided that  
22 such increase provides 12 or more seats that were not available prior to January 1, 2027.

23 IV. "Operational expenditures" means the operating expenses of a qualified childcare  
24 facility, including employee compensation, expenses for training of employees, utilities and rent.

25 162-V:3 Child Care Creation Tax Credit Established.

26 I. There shall be allowed a child care creation tax credit for eligible businesses, pursuant to  
27 RSA 162-V:4, for qualifying expenditures made during a taxable year as follows:

28 (a) Expenditures in acquiring, constructing, rehabilitating, renovating, or expanding  
29 property to create child care or expand child care; and

30 (b) Operational expenditures for the first 2 years of a new child care facility, or for  
31 existing facilities, the increased operational expenditures as calculated compared towards the

1 difference between current year's operational expenditures and that of the average yearly  
2 expenditures over the period of the 2 years prior.

3 II. A business may claim a credit equal to 50 percent of its total claimed expenditures in (a)  
4 and (b) against its business profits taxes due under RSA 77-A, against its business enterprise taxes  
5 due under RSA 77-E, or apportioned against each, provided the total credits granted shall not exceed  
6 50 percent of the businesses' total claimed expenditures under paragraph I(a) and I(b).

7 III. Unused portions of the credit allowed under this section may be carried forward for 4  
8 successive years if the amount allowable as a credit exceeds the businesses' tax liability in a tax  
9 year; however, if the amount allowable as a credit exceeds the tax liability, the excess amount shall  
10 not be refundable or carried forward to any other taxable year. Unused, carried forward credits  
11 under this section shall be applied before any other available carry-forward credit.

12 IV. A business which operates, or contracts for the operation of, a child care program  
13 through a third party for the primary purpose of providing child care services to its employees may  
14 proportion the available credit in a manner of its choosing, but shall be required to file a joint  
15 application with the department of revenue administration in doing so.

16 V. The commissioner of the department of revenue administration shall propose rules,  
17 pursuant to RSA 541-A, relative to administration of the child care creation tax credit established  
18 under this section. Such rules shall include regulations or procedures regarding:

19 (a) The application procedure for how a business may apply for a tax credit under this  
20 section.

21 (b) The design and content of the form or forms required to be filed with the department  
22 under this section.

23 (c) Verifying eligible expenses made by a child care program.

24 (d) Verifying that a child care program was duly licensed.

25 (e) Filing and record keeping requirements.

26 VI. The department of revenue administration shall approve or deny an application for a  
27 credit made under this section within 60 days of receipt. The department shall deny any application  
28 that fails to meet the requirements of this chapter and shall notify the business for its reason or  
29 reasons for denial.

30 162-V:4 Eligibility Criteria.

31 I. To be eligible for a tax credit under this chapter, a business entity shall:

32 (a) Create or expand child care seats, either directly or through a third party, on or after  
33 January 1, 2027;

34 (b) Submit a satisfactory child care creation tax credit application to the department of  
35 revenue administration.

36 3 New Paragraph; Taxation; Business Profits Tax; Child Day Care Tax Credit. Amend RSA 77-  
37 A:5 by inserting after paragraph XVII the following new paragraph:

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1 XVIII. There shall be allowed a child day care creation tax credit, in accordance with RSA  
2 162-V, against the tax due under this chapter, for any unused portion of credit that has not been  
3 applied to the taxes due under RSA 77-E.

4 4 New Section; Taxation; Business Enterprise Tax; Child Day Care Tax Credit. Amend RSA 77-  
5 E by inserting after section 3-f the following new section:

6 77-E:3-g Child Day Care Center Tax Credit. There shall be allowed a child day care creation tax  
7 credit, in accordance with RSA 162-V, against the tax due under this chapter, for any unused portion  
8 of credit that has not been applied to the taxes due under RSA 77-A.

9 5 Applicability. This act shall apply to taxable periods ending on or after January 1, 2027.

10 6 Effective Date. This act shall take effect July 1, 2026.

**HB 1433-FN- FISCAL NOTE**  
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AN ACT creating a child care tax credit for qualifying businesses.

**FISCAL IMPACT:**

<b>Estimated State Impact</b>				
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>Revenue</b>	\$0	Indeterminable Decrease	Indeterminable Decrease	Indeterminable Decrease
<i>Revenue Fund(s)</i>	General Fund and Education Trust Fund			
<b>Expenditures*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			
<b>Appropriations*</b>	\$0	\$0	\$0	\$0
<i>Funding Source(s)</i>	None			

\*Expenditure = Cost of bill

\*Appropriation = Authorized funding to cover cost of bill

**METHODOLOGY:**

This bill establishes the Child Day Care Creation tax credit applicable to the Business Enterprise Tax (BET) and the Business Profits Tax (BPT). To be eligible for the credit, a business must be a licensed program, expand or create seats that were not available prior to January 1, 2027, and successfully apply for and be approved for the credit by the Department of Revenue Administration. Any unused portions of the credit may be carried forward for 4 successive years.

The Department of Revenue Administration states further clarification is needed in order to administer the bill, as follows:

- the bill provides that seats may be created either directly or through a third party; and further provides that a business that operates or contracts for the operation of a program through a third party may proportion the available credit in a manner of its choosing, by filing a joint application. The Department assumes the intent, when these provisions are taken collectively, is that the eligibility requirement for licensing is not intended to apply strictly to the business(es) applying for the credit. If this is not the intent additional clarification may be needed in the bill.
- the bill defines "operational expenditures" as operating expenses of a qualified childcare facility, including employee compensation, expenses for training of employees, utilities and rent. The Department assumes this definition is intended to be broadly construed to include

supplies, equipment, insurance, taxes, licensing and legal fees, and other ordinary business operating expenses, but is intended to exclude expenditures not directly related to the new or expanded seats, such as, the addition of new programs or services.

- it is unclear whether “any other available carry-forward credit” is intended to mean carried forward credits available under different credit programs, or whether it is intended to mean that the oldest Child Day Care Creation tax credits must be used first, and suggests this language may need to be further clarified.
- the credit, as drafted, is not cascading meaning that if the credit is first used towards BET, the credit would reduce the BET credit available for application to the BPT. If the intent is to not reduce the BET credit against the BPT, language should be added to the BET portion of the bill clarifying that the credit applied to the BET is still considered taxes paid under RSA 77-E.
- the bill provides the Department shall approve or deny applications for the credit, including verifying eligible expenses and that a program was duly licensed. It is assumed the Department of Health and Human Services child care search tool will be used to verify licensing and require a basic schedule of expenses that would be further examined during the audit process. If the expectation is the Department would need to perform additional verification related to licensing and/or expenses when determining eligibility for the credit, language may need to be added to the bill to meet the intent.

The Department states this bill will decrease General Fund and Education Trust Fund revenue by an indeterminable amount in FY 2027 and each year thereafter. The Department is not able to determine the magnitude of the decrease due to the unpredictability of the imposition of federal tariffs, their related costs, and the associated business tax liability of the impacted businesses.

The Department states it is able to absorb the costs to implement this bill in its operating budget.

**AGENCIES CONTACTED:**

Department of Revenue Administration