

HB 1774-FN - AS AMENDED BY THE SENATE

11Mar2026... 0915h
05/07/2026 1728s

2026 SESSION

26-2849
07/09

HOUSE BILL ***1774-FN***

AN ACT relative to qualifying scholarship granting organizations and federal workforce Pell grants.

SPONSORS: Rep. Kofalt, Hills. 32; Rep. Morse, Merr. 3; Rep. Osborne, Rock. 2; Rep. Sweeney, Rock. 25; Rep. Miles, Hills. 12; Rep. Noble, Hills. 2; Rep. P. Brown, Rock. 14; Rep. Mattson, Ches. 18; Rep. Packard, Rock. 16; Rep. McDonnell, Rock. 25; Sen. Innis, Dist 7; Sen. Avard, Dist 12

COMMITTEE: Education Policy and Administration

AMENDED 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.

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 Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty-Six

AN ACT relative to qualifying scholarship granting organizations and federal workforce Pell grants.

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

1 1 New Paragraphs; The State and Its Government; General Provisions; Definitions. Amend
2 RSA 21-I:1-a by inserting after paragraph V the following new paragraphs:

3 VI. "Qualified scholarship granting organization" means a nonprofit organization that meets
4 the requirements of 26 U.S.C. section 25F.

5 VII. "Eligible workforce training programs" means programs that meet the requirements in
6 20 U.S.C. section 1088(b)(3)(A) and related federal rules.

7 2 New Paragraph; Department of Revenue Administration; General Provisions; Duties of
8 Commissioner. Amend RSA 21-J:3 by inserting after paragraph XXXIII the following new
9 paragraph:

10 XXXIV. Make the annual election required under 26 U.S.C. section 25F, so that New
11 Hampshire citizens may claim the federal tax credit as provided for in that section, beginning in
12 taxable years ending after December 31, 2026.

13 3 Department of Education; Qualifying Scholarship Granting Organizations List. The
14 department of education shall create a qualified scholarship granting organizations list and shall
15 work with the department of revenue administration to ensure the organizations are added to the
16 list pursuant to the department of education's internal procedures.

17 4 Department of Education; Publication List. The department of education shall:

18 I. Annually submit a list of qualified scholarship granting organizations to the Secretary of
19 the Treasury of the United States;

20 II. Publish a list of qualified scholarship granting organizations on its website; and

21 III. Certify its authority to submit the list required under paragraph I to the Secretary of
22 the Treasury of the United States.

23 5 State Workforce Innovation Board; Workforce Training Program Approval. The governor
24 shall, in coordination with the state workforce innovation board, approve all workforce training
25 programs for federal Workforce Pell Grants, if such programs satisfy the requirements of 20 U.S.C.
26 section 1070a and related federal rules.

27 6 State Workforce Innovation Board; Approval of Funds. The state workforce innovation board
28 shall adopt an internal procedure, according to applicable federal rules, to determine that a program
29 meets the requirements to be an eligible workforce training program.

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- 1 7 Rulemaking Prohibition. No division or department of state government shall have the
- 2 authority to adopt or promulgate any rule to implement sections 1-6 of this act.
- 3 8 Effective Date. This act shall take effect July 1, 2026.

HB 1774-FN- FISCAL NOTE
AS AMENDED BY THE SENATE (AMENDMENT #2026-1728s)

AN ACT relative to qualifying scholarship granting organizations and federal workforce Pell grants.

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	Indeterminable		
Revenue Fund(s)	General Fund and Education Trust Fund			
Expenditures*	\$0	Indeterminable Increase		
Funding Source(s)	General Fund			
Appropriations*	\$0	\$0	\$0	\$0
Funding Source(s)	None			

***Expenditure = Cost of bill**

***Appropriation = Authorized funding to cover cost of bill**

The Office of Legislative Budget Assistant is unable to provide a complete fiscal note for this bill, as amended, as it is awaiting information from the Department of Education. The Department was contacted on 03/11/26 for a fiscal note worksheet. When completed, the fiscal note will be forwarded to the Clerk's Office.

METHODOLOGY:

The bill directs the Department of Revenue Administration to participate in a federal income tax credit program for contributions to qualified scholarship granting organizations and requires the Department of Education to maintain and publish a list of eligible organizations. It also requires the Governor, in coordination with the State Workforce Innovation Board, to approve workforce training programs for federal Workforce Pell Grants, while prohibiting state agencies from adopting rules to implement these provisions.

Department of Revenue Administration (DRA)

Section 2 of this bill requires that DRA make the annual election under 26 U.S.C. section 25F, so that New Hampshire citizens may claim the federal tax credit provided for in that section, beginning in taxable years ending after December 31, 2026. The Department has provided the following information and assumptions:

- It is DRA's understanding that the federal tax credit under 26 U.S.C. section 25F for "qualified contributions" of up to \$1,700 per tax year would be available to be claimed by individuals on their federal tax returns, and would be reduced by the amount "allowed as a credit on any State tax return of the taxpayer." It is possible that this could apply to New Hampshire business tax returns filed by individual proprietors, where there is currently available an education tax credit under RSA 77-G of up to \$510,000 per year, available to be carried forward for five additional years. The qualifying conditions with respect to scholarship organizations for both programs are similar enough that donations made in New Hampshire would likely qualify under either program.
- It is not clear to DRA whether, in order for the state credit to be considered "allowed" for federal reduction purposes the credit must actually be claimed and/or utilized by the taxpayer. Depending upon the relative federal and state tax liabilities of individual taxpayers, it is possible that taxpayers might benefit by not claiming state credit and claiming federal credit (or vice versa) in a given year, and this might vary from year to year. It is also unclear how carryforward provisions would work under these scenarios.
- It is possible, but too early to tell whether or not, participation in the federal tax credit would complicate administration of the State credit, due to the need to reconcile availability and utilization in the event a donation were to qualify under both programs.
- The Department of Treasury and the Internal Revenue Service (IRS) have announced their intent to issue regulations to implement this new individual tax credit provision but have not yet done so, other than with respect to advance elections. Such regulations, once issued, might answer these questions regarding the interoperability of the federal and state tax credits.

For now, this bill would not result in any additional administrative costs that could not be absorbed in the DRA operating budget. The fiscal impact of this bill would be a possible indeterminable increase to the general and education trust funds in the form of increased business tax revenues due to credits being claimed at the federal rather than state level. DRA is unable to quantify the impact due to a lack of understanding about the federal program and how it would interact with the state program, and how taxpayer behavior might change.

Department of Business and Economic Affairs (DBEA)

The DBEA states that under this bill:

- The State Workforce Innovation Board (SWIB) would consult with the Governor to approve workforce training programs for federal Workforce Pell Grants.
- SWIB may adopt internal procedures for approving workforce training programs.

- SWIB, working with the DBEA Office of Workforce Opportunity (OWO), would be required to ensure program compliance consistent with the federal program regulations, including application and evaluation standardization, program outcome reviews and tracking, as well as documentation and recordkeeping for Federal compliance.

The DBEA states this bill would necessitate the requirement of additional staff for program administration, compliance and analysis and related administrative cost budget funding with additional IT costs and workspace needs:

- **Personnel Costs** - Administration of this program will require at least one (1) new full-time position to manage ongoing operations, coordinate with education and training providers, oversee eligibility and reporting, and ensure alignment with existing federal and state requirements. The position needed would be a Miscellaneous Business Operations Specialist (SOC 13-05, starting step 6) at a total estimated cost (not including any office space or equipment needs) of \$101,000 in FY 2027, \$106,000 in FY 2028, and \$107,000 in FY 2029. This bill provides neither appropriation nor authorization for new personnel.
- **Information Technology (IT) Costs** - New Hampshire currently uses the NH Job Match System (JMS) to support workforce programs. JMS is a Modifiable Off-The-Shelf (MOTS) solution, designed for flexibility to meet state-specific requirements. Enhancements to accommodate Workforce Pell requirements would leverage the existing system, making this the most cost-effective and programmatically efficient approach. Staff, particularly within OWO, are already familiar with JMS, reducing training needs and supporting seamless implementation. The existing Job Match System (JMS) contract will require expansion to accommodate new data elements, reporting requirements, and system functionality associated with Workforce Pell. This will result in increased contract costs. The cost is indeterminable, but could be in the range of a one-time purchase of between \$150,000 and \$250,000, and possibly an annual fee.

AGENCIES CONTACTED:

Department of Revenue Administration, Department of Business and Economic Affairs, and Department of Education