

Senate Finance Committee

Deb Martone 271-4980

SB 602-FN, relative to the withholding of state payments to the federal government in response to suspended federal aid.

Hearing Date: February 3, 2026

Time Opened: 1:44 p.m.

Time Closed: 1:48 p.m.

Members of the Committee Present: Senators Gray, Innis, Birdsell, Pearl, Lang, Rosenwald and Watters

Members of the Committee Absent: Senator Carson

Bill 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.

Sponsors:

Sen. Perkins Kwoka
Sen. Altschiller

Sen. Rosenwald
Rep. Simpson

Sen. Prentiss
Rep. Telerski

Who supports the bill: Please see Senate Finance Committee Legislative Aide, Deb Martone, for complete list of individuals in support of SB 602-FN.

Who opposes the bill: Daniel Richardson

Summary of testimony presented in support:

Senator Perkins Kwoka, Prime Sponsor:

- SB 602-FN is relative to withholding state payments to the federal government in response to suspended federal aid.
- We have seen much uncertainty in terms of federal funds being available to help fund our budget. These funds are an important source of revenue for our state, and amount to approximately one-third of the state budget.
- These funds help educate our children, help children obtain safe daycare, keep our farms running, support our small businesses, and aid our universities.
- It's very important we have predictability in those funds and have some mechanism to ensure we're protecting ourselves in the event of this uncertainty.
- Other states across the country have introduced similar measures.

- Again, this bill is a mechanism to protect the state when events occur and threaten us from being able to operate as a state. We want to ensure we are building a solid state budget with predictable and secure federal funding, and that we have the mechanism in place in which to act if those federal funds are withheld.
- Senator Lang inquired if this bill would create a spiral downward, meaning the federal government withholds money so we withhold money, and then they withhold more money as a penalty response to us. In the meantime, our taxpayers are all on the hook. Senator Perkins Kwoka remarked we're in a bit of an unusual time. It is certainly prudent to exercise any powers we would consider under this bill. It's important to keep in mind Granite Staters are depending on us and on these funds to live their daily lives. Senator Lang referenced the Fiscal Note on SB 602-FN. The Department of Administrative Services noted the federal Treasury Offset Program allows the federal government to reduce the state's access to federal funds in response to the state not paying its bill. As a result, DAS states the bill poses a risk to the state's cash flow, jeopardizes federal funding, and could expose the state to substantial financial penalties. Senator Lang asked if Senator Perkins Kwoka agreed with the DAS statement. Did she think there is a possibility the bill could cause us greater harm? Senator Perkins Kwoka stated in this environment we need to be ready for New Hampshire to stand up for itself. In the event we were to get into such a situation, we would have people involved who would make the right decisions in the best interest of the state. Without some kind of mechanism in place for us to be able to protect ourselves, we're really at the whim of the federal government.

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Date Hearing Report completed: February 4, 2026