

Senate Ways and Means Committee

Sonja Caldwell 271-2117

SB 158-FN, raising the funding cap for the New Hampshire community development finance authority.

Hearing Date: January 29, 2025

Members of the Committee Present: Senators Lang and Fenton

Members of the Committee Absent : Senators Murphy, Sullivan and Rosenwald

Bill Analysis: This bill raising the funding cap for the New Hampshire community development finance authority.

Sponsors:

Sen. Innis

Sen. Ward

Sen. Lang

Sen. Fenton

Sen. Perkins Kwoka

Sen. Watters

Sen. Rosenwald

Rep. Mooney

Who supports the bill: 67 people signed in support of the bill. **Full sign in sheets available upon request of committee aide.*

Who opposes the bill: 3 people signed in opposition to the bill.

Who is neutral on the bill: No one

Summary of testimony presented in support:

Grant Bosse - NH Senate Deputy Chief of Staff

- Grant Bosse introduced the bill for Senator Innis.
- The Community Development Finance Authority (CDFA) has been providing technical assistance and financing options to NH communities since 1983.
- Since 1998, the legislature has incentivized donations to the CDFA through a tax credit program whereby businesses making donations receive a 75% credit against the Business Profits Tax, Business Enterprise Tax, or Insurance Premium Tax. The program is capped at \$5 million annually.
- Mr. Bosse gave examples of projects funded through the CDF tax credit program. He stated that the lack of housing is a challenge for NH. It is a barrier to attracting new employees to NH.

- This bill would double the cap on the tax credit program to \$10 million annually, which would increase the funds available for CDFA to invest in local public-private partnerships.

Katy Easterly Martay - Executive Director of the CDFA

- Over their 40-year history the CDFA has invested over \$250 million, which has impacted nearly all NH communities.
- Last year the CDFA invested more than \$25 million into NH, funding 177 different projects that engaged 152 business donors.
- The tax credit program is a valuable resource for NH. It is effective and efficient. For every \$5 million the state invests, \$11 million in economic activity is created by that investment.
- There is a significant housing crisis in NH and this program has a proven track record of being able to advance important housing projects.
- Businesses support and value this unique state program which incentivizes and rewards this public-private partnership. A business' donation stays right in its community.
- The CDFA tax credit program donors are diverse. Businesses from all over the state make donations ranging from \$200 to \$125,000. In FY24, donor data showed that 69% of their donations were under \$20,000. Donors include small businesses, manufacturers, financial institutions, insurance companies, and auto dealers.
- This program allows businesses to be part of solving the housing crisis. It is a vital and innovative resource.
- The CDFA has seen a steady increase in demand for the tax credit. The demand exceeds the current cap of \$5 million. In the past ten years, the CDFA received more than 300 applications for community based projects with funding requests totaling over \$100 million.

Justin Slattery – Belknap Economic Development Council

- They are one of nine regional nonprofit economic development corporations in the state.
- He submitted written testimony on the positive impacts of the tax credit program.
- Belknap EDC has been awarded state tax credits that have supported the Colonial Theater block project in Laconia, workforce development and internship databases to support local students.
- The tax credit program is a way for businesses to support worthwhile projects in their communities, keeping their funds local.

- As they are putting together community development projects there is a lot of complex funding with sometimes as many as 12-14 different sources of funds. He has found that businesses understand the tax credit program. It is NH based, and it allows a project to gain momentum by having businesses be able to invest, receive the tax credit, and support their local community.

Jennifer Goodman - NH Preservation Alliance

- They are a statewide historic preservation organization that works with civic leaders and investors to get important historic preservation projects done.
- They considered other ways to bring more rehabilitation and investment to NH. This proposal, working with the CDFA, is the most efficient and impactful. CDFA has a proven record of successful projects and smart investments that leverage additional resources.
- She stated that they need these tax credits to transform vacant buildings into housing we need.
- Historic preservation investment has great impacts for the state.

Nick Taylor – Housing Action NH

- They are a statewide advocacy organization that supports increased access to housing, and they support this bill.
- NH has record high rental rates and vacancy rates that remain below 1%.
- It is important to put dollars where they can be most impactful, and this is an efficient program that leverages private funds and has proven results over the years.
- The CDFA program has funded projects all across the state with a proven impact.

Aaron Sturgis – Preservation Timber Framing in Nottingham

- He runs a small preservation company that works all over the state of NH.
- This bill is another tool to create good jobs.
- NH has highly invested people teaching the trades. There is a timber framing school in Alstead. These are jobs that young people are seeking.
- This bill will help keep people in the state doing good work.

Harrison Kanzler – Executive Director of AHEAD, Inc.

- They are an affordable housing development nonprofit in the north country.
- He stated that the crew at CDFA does a phenomenal job with this program.
- He said that they manage the program well and are excellent to work with.
- He explained that they have to navigate a lot of regulations in what they do, and having a group like CDFA to work with makes it a lot easier for them. CDFA is an asset to state.

- In the rural north, they are not looking to build at a huge scale. A lot of the programs they have access to require new construction or a certain unit scale. There are so many places in downtown areas that need to be revitalized. This program supports that. They use it regularly.
- It allows local employers to engage. This is a way to put a vetted development project in front of them and allow them to be involved in the process of getting it funded.

Eric Chinburg - Chingburg Properties

- He has been developing for 40 years in NH. They started renovating mills thirty years ago. At that time, markets worked; you could borrow money from a bank and it all worked. In subsequent decades, construction and regulatory costs have outpaced wages so they can't create housing that people can afford.
- They need tools.
- They are doing several projects in Maine right now because they have an equivalent of this.
- He has three projects in NH he can't do because he can't make the numbers work.
- He said this is a great tool that would be very helpful.

Dan Enxing – Volvo Cars Exeter

- He has been a business owner in NH for 27 years.
- He has worked with the CDFA for 13 years.
- His first experience with the CDFA was when he was on the board for the Nashua soup kitchen and shelter. They needed to move from a duplex to a larger facility and the only way they could make it work was through the CDFA. With that grant they were able to buy a VFW building and rehab it.
- Since then, he has been buying tax credits from the CDFA and has been able to contribute close to one million dollars. A lot of what he looks at is housing focused. He is able to look at the website and see the different programs that are out there and decides who he can help most in his community.
- The tax credit program takes what he is able to do and makes a much larger impact in the community. He thinks increasing the current cap to ten million dollars is a very good idea.

Jeff Rapsis – Executive Director of the Aviation Museum of NH

- They are a nonprofit and they preserve aviation history; but a large part of their activities is workforce development.
- They have made use of CDFA tax credits for projects that are workforce development based.

- They try to get young people interested in careers in aviation and aerospace, which depend on a skilled workforce. They do this by getting high school kids to build airplanes. This is a project where they do all the fundraising and then go to a school district.
- They currently have three districts they are working with: Manchester, Lebanon, and Farmington.
- High school students partner with volunteers and build flyable aircraft.
- The aircraft is funded by the Aviation Museum, and they use CDFA tax credits.
- They've had two awards totaling \$450,000, without which they couldn't have financed these programs in the school districts at no cost to the local taxpayer.
- They have 50 kids in 3 different schools building aircraft.
- Without the CDFA tax credits as part of their funding package, they could not have done these innovative projects that allow businesses to fund projects that they see value in both for workforce development and supporting the school system.
- In Manchester, they have received support from Dick Anagnost and Arthur Sullivan through the CDFA tax credits.

Laurette Edelmann

- She is a small business owner. Her ability to use tax credits to pay her tax bill and to support her community is amazing.
- She is a consultant who works with nonprofits. It is hard to put a dollar amount to the resources that are available to nonprofits because they partner with CDFA.
- She is currently working for 1269 Café Ministries, which is a homeless service organization in Manchester. They have been awarded tax credits and have been able to leverage those tax credits to get support to expand the resources they provide to homeless populations and provide transitional housing for them as well.
- Tax credits help create jobs and provide resources that will create jobs in the future.