

HB 1433-FN - VERSION ADOPTED BY BOTH BODIES

5Mar2026... 0828h

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Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.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, rent, and  
25 other ordinary business operating expenses.

26 162-V:3 Child Care Creation Tax Credit Established.

27 I. There shall be allowed a child care creation tax credit for eligible businesses, pursuant to  
28 this section, for qualifying expenditures made during a taxable year as follows:

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

1 (b) Operational expenditures for the first 2 years of a new child care facility, or for  
2 existing facilities, the increased operational expenditures as calculated compared towards the  
3 difference between current year's operational expenditures and that of the average yearly  
4 expenditures over the period of the 2 years prior. Allowable operational expenditures shall exclude  
5 expenditures not directly related to the new or expanded seats, such as the addition of new programs  
6 or services.

7 II. A business may claim a credit equal to 50 percent of its total claimed expenditures in (a)  
8 and (b) against its business profits taxes due under RSA 77-A, against its business enterprise taxes  
9 due under RSA 77-E, or apportioned against each, provided the total credits granted shall not exceed  
10 50 percent of the businesses' total claimed expenditures under paragraph I(a) and I(b). The credit  
11 applied to the business enterprise taxes due under RSA 77-E shall still be considered taxes paid  
12 under RSA 77-E.

13 III. Unused portions of the credit allowed under this section may be carried forward for 4  
14 successive years if the amount allowable as a credit exceeds the businesses' tax liability in a tax  
15 year.

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

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

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

25 (b) The design and content of the form or forms required to be filed with the department  
26 under this section. The form or forms required to be filed shall contain, at a minimum:

27 (1) The business's name, address, and federal taxpayer identification number.

28 (2) A contact person's name, title, and phone number.

29 (3) A signed statement that the business has met the eligibility requirements for the  
30 child care tax credit, and will comply with the provisions of this chapter.

31 (c) Verifying eligible expenses made by a child care program, including requiring a basic  
32 schedule of expenses that would be further examined during the audit process.

33 (d) Verifying with the department of health and human services that a child care  
34 program was duly licensed.

35 (e) Filing and record keeping requirements.

36 (f) Posting to the department's website an up-to-date total of the amount of credits  
37 available.

**HB 1433-FN - VERSION ADOPTED BY BOTH BODIES**

**- Page 3 -**

1 VI. The aggregate of tax credits issued by the commissioner to all taxpayers claiming the  
2 credit shall not exceed \$5,000,000 for any state fiscal year. Applications are to be processed by the  
3 commissioner in the order received. Applications received by the department in excess of \$5,000,000  
4 in any state fiscal year shall not be eligible for credit in such fiscal year but may be carried forward  
5 to the next succeeding fiscal year or years and shall be given priority in determining the total  
6 contributions eligible for credit in such fiscal year.

7 VII. The department of revenue administration shall approve or deny an application for a  
8 credit made under this section within 60 days of receipt. The department shall deny any application  
9 that fails to meet the requirements of this chapter and shall notify the business of its reason or  
10 reasons for denial.

11 162-V:4 Eligibility Criteria.

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

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

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

17 3 New Paragraph; Taxation; Business Profits Tax; Child Day Care Tax Credit. Amend RSA 77-  
18 A:5 by inserting after paragraph XVII the following new paragraph:

19 XVIII. There shall be allowed a child day care creation tax credit, in accordance with RSA  
20 162-V, against the tax due under this chapter, for any unused portion of credit that has not been  
21 applied to the taxes due under RSA 77-E.

22 4 New Section; Taxation; Business Enterprise Tax; Child Day Care Tax Credit. Amend RSA 77-  
23 E by inserting after section 3-f the following new section:

24 77-E:3-g Child Day Care Center Tax Credit. There shall be allowed a child day care creation tax  
25 credit, in accordance with RSA 162-V, against the tax due under this chapter, for any unused portion  
26 of credit that has not been applied to the taxes due under RSA 77-A.

27 5 Applicability. This act shall apply to taxable periods ending on or after December 31, 2027.

28 6 Effective Date. This act shall take effect July 1, 2026.

**HB 1433-FN- FISCAL NOTE**  
AS AMENDED BY THE HOUSE (AMENDMENT #2026-0828h)

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

**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
<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	\$40,000	\$0	\$0
<i>Funding Source(s)</i>	General Fund			
<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). A business may claim a credit equal to 50 percent of allowable expenditures with the aggregate tax credit capped at \$5 million. 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 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 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 expects there may be some decrease in revenue associated with estimate payments in FY 2027 but anticipates revenue decreases will mainly occur in FY 2028 and after. The Department is not able to determine the magnitude of the decrease due to the unpredictability of the utilization of the credit and the associated business tax liability of impacted businesses.

The Department will need to develop an application and award process for purposes of administering the credit including the need to modify applicable business tax forms and instructions. Updates to the Revenue Information Management System will be needed to permit the claiming of the credit, managing the credit and managing the credit carry forwards. Based on estimates provided by its vendor, the Department will require an appropriation of \$40,000 to adequately modify the electronic system to implement this credit program and to not cause other work to not be completed.

**AGENCIES CONTACTED:**

Department of Revenue Administration