

HB 1523-FN - AS INTRODUCED

2022 SESSION

22-2810

07/05

HOUSE BILL                    ***1523-FN***

AN ACT                    establishing a New Hampshire child care fund.

SPONSORS:            Rep. McWilliams, Merr. 27; Rep. Toll, Ches. 16; Sen. Whitley, Dist 15; Sen. Perkins Kwoka, Dist 21

COMMITTEE:          Commerce and Consumer Affairs

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ANALYSIS

This bill establishes the New Hampshire child care fund and its operational requirements under the department of health and human services.

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                         Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

*In the Year of Our Lord Two Thousand Twenty Two*

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

IV. Causing the rapid re-entry to the workforce of parents currently seeking assistance with child care without raising child care costs to end users, and seeking to lower costs when possible.

**HB 1523-FN - AS INTRODUCED**  
**- Page 2 -**

1       126-A:100 New Hampshire Child Care Fund; Operating Parameters and Programs.

2           I. The department may provide financing and investment services through the fund  
3 including, but not limited to:

4               (a) Originating, evaluating, underwriting and closing financing and investment  
5 transactions in qualified projects;

6               (b) Partnering with private capital providers and capital markets to attract co-  
7 investment from private banks, community development financial institutions, investors and others  
8 in order to drive new investment into under-penetrated markets, to increase the efficiency of private  
9 capital markets with respect to investing in new childcare construction and startup projects, and to  
10 increase total investment caused by the fund;

11               (c) Managing the fund's portfolio of assets to ensure performance and monitor risk;

12               (d) Ensuring appropriate debt and risk mitigation products are offered; and

13               (e) Overseeing prudent, non-controlling equity investments.

14           II. The department, through the fund, may provide capital to qualified projects in the form  
15 of:

16               (a) Debt financing;

17               (b) Credit enhancements, including loan loss reserves and loan guarantees;

18               (c) Aggregation and warehousing;

19               (d) Equity capital; and

20               (e) Any other financial product approved by the commissioner.

21           III. The department shall explore the establishment of a program, known as the child care  
22 infrastructure financing program, to provide low-interest and zero-interest loans from the fund, up  
23 to 10 years in length, to any public or private child care business or entity seeking to be licensed  
24 under RSA 170-E seeking financing for the support of child care programs to support children who  
25 meet the fund criteria.

26           IV. The following provisions shall govern funding prioritization and requirements:

27               (a) Construction and startup costs for new childcare facilities and programs, provided  
28 that the credit rating of the state of New Hampshire may be leveraged for debt financing guarantees,  
29 with assets of the fund as collateral, to support new businesses.

30               (b) The department shall also prioritize funds to directly pay a licensed childcare  
31 provider for families where the caretaker of the child or children are otherwise eligible to work in the  
32 New Hampshire workforce but are burdened with childcare rather than a job.

33               (c) The department shall ensure that 50 percent of the fund's investment activity is  
34 directed to serve vulnerable communities, which shall include:

35                   (1) Low-income communities, defined as any geographical unit for which the United  
36 States Census Bureau publishes sample data in which 30 percent or more of the population are  
37 individuals with low income;

**HB 1523-FN - AS INTRODUCED**

**- Page 3 -**

1                   (2) Low-income households, defined as a household with annual income equal to, or  
2 less than, the greater of an amount equal to 80 percent of the median income of the area in which  
3 the household is located, as reported by the federal Department of Housing and Urban Development;  
4 or 280 percent of the federal poverty line; and

5                   (3) Communities of color and tribal communities, which include any geographically  
6 distinct area in which the population of color is higher than the average population of color of the  
7 state.

8                   V. This fund shall be separate from the New Hampshire child care scholarship program, and  
9 is therefore intended to supplement, but not replace, funds for children that would otherwise be paid  
10 through the child care scholarship.

11               126-A:101 New Hampshire Child Care Fund; Rulemaking. The commissioner shall adopt rules  
12 under RSA 541-A relative to the administration of the New Hampshire child care fund.

13               2 New Subparagraph; Dedicated Funds; New Hampshire Child Care Fund. Amend RSA 6:12,  
14 I(b) by inserting after subparagraph (382) the following new subparagraph:

15                   (383) Moneys deposited in the New Hampshire child care fund under RSA 126-A:98.

16               3 Effective Date. This act shall take effect July 1, 2022.

**HB 1523-FN- FISCAL NOTE  
AS INTRODUCED**

AN ACT establishing a New Hampshire child care fund.

**FISCAL IMPACT:**    ☒ State                    ☐ County                    ☐ Local                    ☐ None

STATE:	Estimated Increase / (Decrease)			
	FY 2022	FY 2023	FY 2024	FY 2025
<b>Appropriation</b>	\$0	\$0	\$0	\$0
<b>Revenue</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Expenditures</b>	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
<b>Funding Source:</b>	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Revenue deposited into the newly created NH Child Care Fund			

**METHODOLOGY:**

This bill establishes the NH Child Care Fund, dedicated to providing supplemental funds for child care tuition costs to accredited child care facilities on behalf of NH children who utilize those facilities. The bill requires the Department of Health and Human Services to accept and use funds from any source, and authorizes the Department to invest in or finance projects alone or in conjunction with other investors using moneys from the fund. The bill also authorizes the Department to engage in a variety of finance and investment-related functions, including providing capital and issuing and managing loans for child care projects and providers.

The Department assumes that in order to act as a financial/investment institution as required by the bill, it will need to adhere to state and federal banking laws, and notes that the required expertise is outside the scope of the Department's normal operations. Accordingly, the Department expects compliance with relevant state and federal laws and regulations to result in an indeterminable increase in costs. These cost will be in the form of personnel, business, and IT systems, as well as expert resources needed to manage the fund's portfolio.

This bill does not contain an appropriation.

**AGENCIES CONTACTED:**

Department of Health and Human Services