

SENATE BILL 1045

P2, P1

8lr1632

By: **Senator Kagan**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **State Government – Grants and Contracts – Reimbursement of Indirect Costs**

3 FOR the purpose of requiring that the terms of a certain grant or contract allow for
4 reimbursement of indirect costs at the same rate the nonprofit organization has
5 negotiated to receive for certain reimbursement or, under certain circumstances, at
6 a rate of at least a certain percent; providing for the application of this Act; defining
7 certain terms; and generally relating to State–funded grants and contracts.

8 BY adding to

9 Article – State Finance and Procurement

10 Section 2–208

11 Annotated Code of Maryland

12 (2015 Replacement Volume and 2017 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
14 That the Laws of Maryland read as follows:

15 **Article – State Finance and Procurement**

16 **2–208.**

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (2) “INDIRECT COSTS” MEANS ANY COSTS THAT WOULD BE
20 CONSIDERED TO BE INDIRECT COSTS UNDER 2 C.F.R. 200.414.

21 (3) “NONPROFIT ORGANIZATION” MEANS AN ORGANIZATION THAT IS
22 TAX EXEMPT UNDER § 501(C)(3), (4), OR (6) OF THE INTERNAL REVENUE CODE.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(B) IF A NONPROFIT ORGANIZATION IS A DIRECT RECIPIENT OR**
2 **SUBRECIPIENT OF A GRANT OR CONTRACT THAT IS FUNDED EITHER PARTIALLY OR**
3 **WHOLLY WITH STATE FUNDS, THE TERMS OF THE GRANT OR CONTRACT SHALL**
4 **ALLOW FOR REIMBURSEMENT OF INDIRECT COSTS:**

5 **(1) AT THE SAME RATE THE NONPROFIT ORGANIZATION HAS**
6 **NEGOTIATED TO RECEIVE FOR REIMBURSEMENT OF INDIRECT COSTS UNDER A**
7 **FEDERAL AWARD; OR**

8 **(2) IF THE NONPROFIT ORGANIZATION HAS NOT NEGOTIATED A**
9 **FEDERAL REIMBURSEMENT RATE, AT A RATE OF AT LEAST 10%.**

10 **(C) THIS SECTION APPLIES WHETHER OR NOT THE FUNDS AWARDED**
11 **THROUGH THE GRANT OR CONTRACT ARE TRANSFERRED DIRECTLY BY THE STATE**
12 **OR THROUGH A THIRD PARTY TO THE NONPROFIT ORGANIZATION.**

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2018.