

SENATE BILL 17

P2, P1

(9lr0619)

ENROLLED BILL

— *Education, Health, and Environmental Affairs/Health
and Government Operations* —

Introduced by **Senator Kagan**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **State Grants and Contracts – Reimbursement of Nonprofit Indirect Costs –**
3 **Application**

4 FOR the purpose of applying a certain provision of law related to the reimbursement of
5 indirect costs incurred by certain nonprofit organizations to certain grants and
6 contracts; providing that a certain provision of law does not require the
7 reimbursement of indirect costs incurred under certain grants and contracts during
8 any fiscal year that began before a certain date; ~~altering a certain definition;~~ making
9 a stylistic change; and generally relating to the reimbursement of indirect costs
10 incurred by nonprofit organizations.

11 BY repealing and reenacting, with amendments,
12 Article – State Finance and Procurement
13 Section 2–208

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 Annotated Code of Maryland
2 (2015 Replacement Volume and 2018 Supplement)

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

5 **Article – State Finance and Procurement**

6 2–208.

7 (a) (1) In this section the following words have the meanings indicated.

8 (2) “Indirect costs” means any costs that would be considered to be indirect
9 costs under OMB Uniform Guidance.

10 (3) “Nonprofit organization” means:

11 ~~(H)~~ an organization that is tax exempt under § 501(c)(3), (4), or (6) of
12 the Internal Revenue Code; ~~OR~~

13 ~~(H) A PUBLIC INSTITUTION OF HIGHER EDUCATION IN THE~~
14 ~~STATE.~~

15 (4) “OMB Uniform Guidance” means the Uniform Administrative
16 Requirements, Cost Principles, and Audit Requirements for Federal Awards adopted by the
17 Office of Management and Budget in 2 C.F.R. 200 and any related guidance published by
18 the Office of Management and Budget.

19 (B) (1) **THIS SECTION APPLIES ONLY TO:**

20 (I) **A GRANT OR CONTRACT AWARDED ON OR AFTER OCTOBER**
21 **1, 2018;**

22 (II) **A MULTI-YEAR GRANT OR CONTRACT AWARDED BEFORE**
23 **OCTOBER 1, 2018, IF:**

24 **1. THE GRANT OR CONTRACT CONTINUES TO BE IN**
25 **EFFECT ON OR AFTER OCTOBER 1, 2018; AND**

26 **2. FUNDING FOR THE GRANT OR CONTRACT IS**
27 **REQUIRED TO BE AUTHORIZED SEPARATELY FOR EACH FISCAL YEAR; AND**

28 (III) **AN EXTENSION OR A RENEWAL OF A GRANT OR CONTRACT IF**
29 **THE EXTENSION OR RENEWAL ~~WAS AWARDED ON OR AFTER OCTOBER 1, 2018~~ IS**
30 **AWARDED ON OR AFTER JULY 1, 2019.**

1 **(2) THIS SECTION APPLIES WHETHER OR NOT THE FUNDS AWARDED**
2 **THROUGH THE GRANT OR CONTRACT ARE TRANSFERRED DIRECTLY BY THE STATE**
3 **OR THROUGH A THIRD PARTY TO THE NONPROFIT ORGANIZATION.**

4 **(3) THIS SECTION DOES NOT REQUIRE THE REIMBURSEMENT OF**
5 **INDIRECT COSTS INCURRED UNDER A MULTI-YEAR GRANT OR CONTRACT**
6 **DESCRIBED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION DURING ANY FISCAL**
7 **YEAR THAT ~~BEGAN BEFORE OCTOBER 1, 2018~~ *BEGINS BEFORE JULY 1, 2019.***

8 **[(b)] (C)** If a nonprofit organization is a direct recipient or subrecipient of a grant
9 or contract for the provision of services that is funded wholly with State funds or with a
10 combination of State and other nonfederal funds, the terms of the grant or contract shall
11 allow for reimbursement of indirect costs:

12 (1) at the same rate the nonprofit organization has negotiated and
13 received:

14 (i) for indirect costs under a direct federal award; or

15 (ii) from a nonfederal entity based on the cost principles in Subpart
16 E of OMB Uniform Guidance; or

17 (2) if the nonprofit organization has not negotiated and received an indirect
18 cost rate described in item (1) of this subsection, at a rate of at least 10% of the costs that
19 would be considered modified total direct costs under OMB Uniform Guidance.

20 **[(c) This section applies whether or not the funds awarded through the grant or**
21 **contract are transferred directly by the State or through a third party to the nonprofit**
22 **organization.]**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
24 1, 2019.