

SENATE BILL 17

P2, P1

(PRE-FILED)

9lr0619
CF HB 365

By: **Senator Kagan**

Requested: October 18, 2018

Introduced and read first time: January 9, 2019

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 12, 2019

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
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2018 Supplement)

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

18 **Article – State Finance and Procurement**

19 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.



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

2 (2) "Indirect costs" means any costs that would be considered to be indirect
3 costs under OMB Uniform Guidance.

4 (3) "Nonprofit organization" means:

5 (I) an organization that is tax exempt under § 501(c)(3), (4), or (6) of
6 the Internal Revenue Code; **OR**

7 (II) **A PUBLIC INSTITUTION OF HIGHER EDUCATION IN THE**
8 **STATE.**

9 (4) "OMB Uniform Guidance" means the Uniform Administrative
10 Requirements, Cost Principles, and Audit Requirements for Federal Awards adopted by the
11 Office of Management and Budget in 2 C.F.R. 200 and any related guidance published by
12 the Office of Management and Budget.

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

14 (I) **A GRANT OR CONTRACT AWARDED ON OR AFTER OCTOBER**
15 **1, 2018;**

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

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

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

22 (III) **AN EXTENSION OR A RENEWAL OF A GRANT OR CONTRACT IF**
23 **THE EXTENSION OR RENEWAL WAS AWARDED ON OR AFTER OCTOBER 1, 2018.**

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

27 (3) **THIS SECTION DOES NOT REQUIRE THE REIMBURSEMENT OF**
28 **INDIRECT COSTS INCURRED UNDER A MULTI-YEAR GRANT OR CONTRACT**
29 **DESCRIBED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION DURING ANY FISCAL**
30 **YEAR THAT BEGAN BEFORE OCTOBER 1, 2018.**

1 **[(b)] (C)** If a nonprofit organization is a direct recipient or subrecipient of a grant
2 or contract for the provision of services that is funded wholly with State funds or with a
3 combination of State and other nonfederal 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 negotiated and
6 received:

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

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

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

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
17 1, 2019.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.