

SENATE BILL 4

C2, Q3, Q4

EMERGENCY BILL
(PRE-FILED)

6lr0735
CF 6lr0736

By: **Senators Kagan and Ferguson**

Requested: August 25, 2025

Introduced and read first time: January 14, 2026

Assigned to: Education, Energy, and the Environment and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Charitable Organizations – Charitable Donation and Tax-Exempt Status –**
3 **Revocation**
4 **(Keeping Charities Nonpartisan Act of 2026)**

5 FOR the purpose of altering, for the purpose of certain provisions of law that regulate
6 charitable organizations, the definition of “charitable organization” to include a
7 certain person that is recognized by the Internal Revenue Service to receive
8 donations that are deductible from federal income tax; prohibiting certain charitable
9 organizations from participating in or intervening in a political campaign on behalf
10 of or in opposition to a candidate for public office; authorizing the Secretary of State
11 and the Attorney General, acting jointly, to order the revocation of certain
12 tax-exempt statuses of a charitable organization under certain circumstances;
13 requiring the Comptroller and the Director of the State Department of Assessments
14 and Taxation to revoke certain tax-exempt statuses under certain circumstances;
15 providing that a charitable organization whose tax-exempt status is revoked does
16 not qualify for certain income, sales and use, and property tax exemptions; requiring
17 the Attorney General to monitor action by the federal government for a certain
18 purpose; and generally relating to charitable organizations.

19 BY repealing and reenacting, without amendments,
20 Article – Business Regulation
21 Section 6–101(a), 6–402(a), and 6.5–101(a)
22 Annotated Code of Maryland
23 (2024 Replacement Volume and 2025 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Business Regulation
26 Section 6–101(d), 6–205, 6–402(b)(9) and (10), 6.5–101(c), and 6.5–103(c)
27 Annotated Code of Maryland
28 (2024 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



BY adding to

Article – Business Regulation

Section 6–402(b)(10) and 6–623

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–104 and 11–204

Annotated Code of Maryland

(2022 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 7–202 and 7–204

Annotated Code of Maryland

(2019 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – Business Regulation

6–101.

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

(d) (1) “Charitable organization” means:

(i) a person that:

1. **A.** is or holds itself out to be a benevolent, educational, eleemosynary, humane, patriotic, philanthropic, or religious organization; **OR**

B. IS RECOGNIZED BY THE INTERNAL REVENUE SERVICE AS AUTHORIZED TO RECEIVE DONATIONS THAT ARE DEDUCTIBLE FROM FEDERAL INCOME TAX UNDER § 170 OF THE INTERNAL REVENUE CODE; and

2. solicits or receives charitable contributions from the public; or

(ii) an ambulance, fire fighting, fraternal, rescue, or police or other law enforcement organization when it solicits charitable contributions from the public.

(2) “Charitable organization” includes an area, branch, chapter, office, or similar affiliate that solicits charitable contributions from the public within the State for a charitable organization that is organized or has its principal place of business outside the State.

(3) “Charitable organization” does not include:

(i) an agency of the State government or of a political subdivision;
or

(ii) a political club, committee, or party.

6–205.

(a) (1) The Secretary of State or the Attorney General may investigate an alleged violation of this title.

(2) (i) In the course of any examination, investigation, or hearing, the Secretary of State or the Attorney General may subpoena witnesses, administer oaths, examine an individual under oath, serve written interrogatories, and compel production of records, books, papers, and other documents.

(ii) Information obtained under this subsection is not admissible in a subsequent criminal proceeding against the person who provided the information.

(b) If the Secretary of State or the Attorney General finds or has reasonable grounds to believe that a charitable organization, charitable representative, or public safety solicitor has violated this title, the Secretary of State or the Attorney General may take one or more of the following actions:

(1) by mediation with the apparent violators and any representatives they may choose to assist them, enter into a written assurance of discontinuance, written assurance of voluntary compliance, or other settlement agreement with the apparent violators, in accordance with subsection (c) of this section;

(2) summarily issue a cease and desist order to the violator, if the Secretary of State or the Attorney General:

(i) finds that:

1. § 6–623 OF THIS TITLE HAS BEEN VIOLATED; OR

2. ANY OTHER PROVISION OF this title has been violated and that the public health, safety, or welfare requires emergency action; and

(ii) gives the violator written notice of the order, the reasons for the order, and the right of the violator to request a hearing under subsection (g) of this section; or

(3) **EXCEPT IN THE ENFORCEMENT OF § 6–623 OF THIS TITLE**, refer the matter to the appropriate State’s Attorney for prosecution.

(c) A settlement agreement under subsection (b)(1) of this section may include one or more of the following stipulations or conditions:

(1) payment by the apparent violator of the cost of the investigation;

(2) payment by the apparent violator of civil penalties a court could order **OR THE SECRETARY OF STATE OR THE ATTORNEY GENERAL COULD ASSESS** under this title;

(3) payment by the apparent violator of refunds to donors a court could order under this title;

(4) payment by the apparent violator of contributions received to charitable or public safety beneficiaries or for charitable or public safety purposes consistent with the beneficiaries named or purposes represented in the charitable or public safety solicitations which generated the contributions; or

(5) any other stipulation, condition, or remedy that will correct a violation of this title.

(d) An agreement under this section is for conciliation purposes only and does not constitute an admission by any party that the law has been violated.

(e) (1) It is a violation of this title to fail to adhere to any provision contained in a settlement agreement.

(2) A failure of the Secretary of State or the Attorney General to enforce a violation of any provision of a settlement agreement does not constitute a waiver of that or any other provision, or of any right of the Secretary of State or the Attorney General.

(f) The Attorney General may sue in the circuit court for the county in which the alleged violation occurred for an order that:

(1) restrains further violation of this title;

(2) restrains the defendant from making further charitable or public safety solicitations in the State;

(3) except as provided under § 6–5A–11 of this title, recovers for the State a civil penalty not to exceed \$5,000 for each willful violation of this title;

(4) except as provided under § 6–5A–11 of this title, recovers for the State a civil penalty not to exceed \$3,000 for each grossly negligent violation of this title;

(5) enforces compliance with this title; or

(6) secures any other appropriate relief, including:

(i) refunds to donors; and

(ii) payment of the charitable or public safety contributions received by the solicitor to charitable or public safety purposes or beneficiaries consistent with the purposes represented or beneficiaries named in the charitable or public safety solicitations which generated the contributions.

(g) (1) If the Secretary of State or the Attorney General issues a cease and desist order to a person, the person may request a hearing from the Secretary of State.

(2) Within 30 days after a request is submitted, the Secretary of State shall hold a hearing in accordance with Title 10, Subtitle 2 of the State Government Article.

6–402.

(a) A registration statement shall be on the form that the Secretary of State provides.

(b) Except as provided in subsection (c) of this section, the registration statement shall contain or be accompanied by:

(9) (i) a certification that all taxes due from the applicant to the State or to Baltimore City or a county of the State for the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State for the preceding fiscal year have been collected and paid over; or

(ii) a certification that the taxes due from the applicant to the State or to Baltimore City or a county are under dispute and the dispute has not been finally resolved; [and]

(10) A STATEMENT INDICATING THAT THE CHARITABLE ORGANIZATION DOES NOT AND WILL NOT PARTICIPATE IN OR INTERVENE IN, INCLUDING THROUGH THE PUBLICATION OR DISTRIBUTION OF STATEMENTS, A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE; AND

1 [(10)] (11) any other information that the Secretary of State requires by
2 regulation.

3 **6-623.**

4 (A) IN THIS SECTION, “DIRECTOR” MEANS THE DIRECTOR OF THE STATE
5 DEPARTMENT OF ASSESSMENTS AND TAXATION.

6 (B) THIS SECTION APPLIES TO EACH CHARITABLE ORGANIZATION THAT:

7 (1) IS INCORPORATED OR OTHERWISE ESTABLISHED UNDER STATE
8 LAW OR THE LAWS OF ANOTHER STATE;

9 (2) IS AUTHORIZED TO RECEIVE DONATIONS THAT ARE DEDUCTIBLE
10 FROM FEDERAL INCOME TAX UNDER § 170 OF THE INTERNAL REVENUE CODE; AND

11 (3) (I) IS REQUIRED TO REGISTER WITH THE SECRETARY OF
12 STATE UNDER SUBTITLE 4 OF THIS TITLE; OR

13 (II) IF EXEMPT FROM THE REGISTRATION REQUIREMENT,
14 CONDUCTS BUSINESS OR OTHER ACTIVITIES IN THE STATE.

15 (C) (1) A CHARITABLE ORGANIZATION MAY NOT PARTICIPATE IN OR
16 INTERVENE IN A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A
17 CANDIDATE FOR PUBLIC OFFICE, INCLUDING THROUGH PUBLICATION OF OR
18 DISTRIBUTION OF STATEMENTS.

19 (2) PARAGRAPH (1) OF THIS SUBSECTION SHALL BE INTERPRETED
20 AND APPLIED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL CAMPAIGN
21 ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS INTERPRETED
22 AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY 19, 2025.

23 (D) (1) TO ENFORCE THIS SECTION, IN ADDITION TO THE AUTHORITY
24 PROVIDED UNDER § 6-205 OF THIS TITLE AND SUBJECT TO PARAGRAPHS (2) AND (3)
25 OF THIS SUBSECTION, THE SECRETARY OF STATE OR THE ATTORNEY GENERAL
26 MAY:

27 (I) ASSESS CIVIL PENALTIES IN ACCORDANCE WITH
28 SUBSECTION (E) OF THIS SECTION; OR

29 (II) ORDER A REVOCATION IN ACCORDANCE WITH SUBSECTION
30 (F) OF THIS SECTION.

1 (2) (i) 1. IF THE SECRETARY OF STATE OR THE ATTORNEY
2 GENERAL FINDS OR HAS REASONABLE GROUNDS TO BELIEVE THAT A CHARITABLE
3 ORGANIZATION HAS VIOLATED THIS SECTION, THE SECRETARY OF STATE OR THE
4 ATTORNEY GENERAL SHALL PROVIDE WRITTEN NOTICE TO THE CHARITABLE
5 ORGANIZATION.

6 2. SUBJECT TO SUBPARAGRAPH (II) OF THIS
7 PARAGRAPH, ISSUANCE OF A CEASE AND DESIST ORDER UNDER § 6-205 OF THIS
8 TITLE FOR A VIOLATION OF THIS SECTION IS A VALID FORM OF NOTICE IN
9 ACCORDANCE WITH THIS SUBPARAGRAPH.

10 (ii) NOTICE REQUIRED UNDER THIS PARAGRAPH SHALL
11 INCLUDE A DESCRIPTION OF:

12 1. THE VIOLATION;

13 2. ANY OFFER FOR MEDIATION AS PROVIDED IN §
14 6-205(B)(1) OF THIS TITLE;

15 3. ANY CIVIL PENALTY ASSESSED UNDER SUBSECTION
16 (E) OF THIS SECTION;

17 4. ANY REVOCATION OF A TAX-EXEMPT STATUS UNDER
18 SUBSECTION (F) OF THIS SECTION;

19 5. THE PENALTY AVOIDANCE PROCESS DESCRIBED IN
20 PARAGRAPH (3) OF THIS SUBSECTION; AND

21 6. THE APPEAL RIGHTS PROVIDED UNDER SUBSECTION
22 (G) OF THIS SECTION.

23 (3) (i) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, IF A
24 CHARITABLE ORGANIZATION RECEIVES NOTICE FOR VIOLATING THIS SECTION, THE
25 CHARITABLE ORGANIZATION MAY AVOID THE VIOLATION AND IMPOSITION OF A
26 PENALTY UNDER THIS SECTION IF THE CHARITABLE ORGANIZATION:

27 1. CAN SHOW THE CONDUCT GIVING RISE TO THE
28 VIOLATION WAS NOT APPROVED OR AUTHORIZED BY THE CHIEF EXECUTIVE OR
29 GOVERNING BODY OF THE CHARITABLE ORGANIZATION; AND

30 2. PUBLICLY AND EFFECTIVELY DISCLAIMS THE
31 CONDUCT GIVING RISE TO THE VIOLATION NOT LATER THAN 7 DAYS AFTER
32 RECEIVING NOTICE OF THE VIOLATION.

(II) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, NOTICE OCCURS ON THE EARLIER DATE OF WHEN THE CHARITABLE ORGANIZATION:

1. HAS ACTUAL KNOWLEDGE OR REASONABLY SHOULD HAVE KNOWN THAT THE CONDUCT GIVING RISE TO THE VIOLATION HAS OCCURRED AND IS REASONABLY LIKELY TO BE IN VIOLATION OF THIS SECTION; OR

2. RECEIVES NOTICE IN ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION.

(E) (1) A CHARITABLE ORGANIZATION THAT VIOLATES THIS SECTION IS SUBJECT TO A CIVIL PENALTY NOT EXCEEDING \$5,000 FOR EACH VIOLATION, IN ADDITION TO ANY OTHER PENALTIES UNDER THIS SECTION.

(2) EACH CONSECUTIVE 5-DAY PERIOD THAT A VIOLATION CONTINUES IS A SEPARATE VIOLATION.

(3) EACH CIVIL PENALTY ASSESSED UNDER THIS SUBSECTION SHALL BE PAID TO THE GENERAL FUND OF THE STATE.

(F) (1) IF THE SECRETARY OF STATE AND THE ATTORNEY GENERAL, ACTING JOINTLY, FIND OR HAVE REASONABLE GROUNDS TO BELIEVE THAT A CHARITABLE ORGANIZATION HAS WILLFULLY VIOLATED THIS SECTION, THE SECRETARY OF STATE AND THE ATTORNEY GENERAL MAY ORDER A REVOCATION OF A TAX-EXEMPT STATUS DESCRIBED UNDER PARAGRAPH (3)(I) OF THIS SUBSECTION.

(2) IF A CHARITABLE ORGANIZATION FAILS TO TIMELY REQUEST AN APPEAL OF A REVOCATION IN ACCORDANCE WITH SUBSECTION (G)(2) OF THIS SECTION OR IF AN APPEAL OF THE REVOCATION IS HEARD AND DENIED, THE SECRETARY OF STATE SHALL PROMPTLY PROVIDE WRITTEN NOTICE TO THE CHARITABLE ORGANIZATION, THE COMPTROLLER, AND THE DIRECTOR.

(3) (I) WITHIN 30 DAYS AFTER RECEIVING WRITTEN NOTICE FROM THE SECRETARY OF STATE UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE COMPTROLLER AND THE DIRECTOR SHALL REVOKE FROM THE CHARITABLE ORGANIZATION, AS APPLICABLE:

1. AN INCOME TAX EXEMPTION THAT HAS BEEN GRANTED UNDER § 10-104 OF THE TAX – GENERAL ARTICLE;

1 2. A SALES AND USE TAX EXEMPTION CERTIFICATE THAT
2 HAS BEEN ISSUED UNDER § 11-204 OF THE TAX – GENERAL ARTICLE; AND

3 3. A PROPERTY TAX EXEMPTION THAT HAS BEEN
4 GRANTED UNDER § 7-202 OR § 7-204 OF THE TAX – PROPERTY ARTICLE.

5 (II) THE COMPTROLLER AND THE DIRECTOR SHALL PROMPTLY
6 PROVIDE WRITTEN NOTICE TO THE CHARITABLE ORGANIZATION OF THE
7 REVOCATION OF ANY TAX-EXEMPT STATUS AND ANY APPEAL RIGHTS AS MAY BE
8 AVAILABLE.

9 (4) (I) A REVOCATION UNDER THIS SECTION SHALL REMAIN IN
10 EFFECT FOR 2 YEARS FROM THE DATE THE REVOCATION BECOMES EFFECTIVE.

11 (II) AFTER THE 2-YEAR REVOCATION PERIOD ELAPSES, THE
12 CHARITABLE ORGANIZATION MAY REAPPLY TO THE COMPTROLLER OR THE
13 DIRECTOR FOR ANY TAX-EXEMPT STATUS THAT WAS AFFECTED BY THE
14 REVOCATION.

15 (G) A CHARITABLE ORGANIZATION THAT RECEIVES NOTICE OF A VIOLATION
16 UNDER THIS SECTION SHALL:

17 (1) WITHIN 15 DAYS AFTER RECEIPT OF A NOTICE THAT OFFERS
18 MEDIATION, ACCEPT THE OFFER FOR MEDIATION BY RESPONDING TO THE
19 SECRETARY OF STATE; OR

20 (2) WITHIN 30 DAYS AFTER RECEIPT OF A NOTICE THAT ASSESSES A
21 CIVIL PENALTY OR REVOKES A TAX-EXEMPT STATUS UNDER THIS SECTION:

22 (I) PAY THE AMOUNT OF EACH CIVIL PENALTY ASSESSED; OR

23 (II) REQUEST A HEARING WITH THE SECRETARY OF STATE TO
24 BE HELD IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT
25 ARTICLE OR IN ACCORDANCE WITH § 6-205(G) OF THIS TITLE.

26 (H) THE SECRETARY OF STATE, IN CONSULTATION WITH THE ATTORNEY
27 GENERAL, THE COMPTROLLER, AND THE DIRECTOR, SHALL ADOPT REGULATIONS
28 TO CARRY OUT THIS SECTION, INCLUDING:

29 (1) PROCEDURES FOR PENALTY AVOIDANCE UNDER SUBSECTION
30 (D)(3) OF THIS SECTION; AND

(2) CRITERIA TO BE USED IN DETERMINING THE AMOUNT OF ANY CIVIL PENALTIES ASSESSED UNDER SUBSECTION (E) OF THIS SECTION.

(I) ENFORCEMENT ACTION UNDER THIS SECTION DOES NOT PRECLUDE ENFORCEMENT ACTION UNDER TITLE 6.5 OF THIS ARTICLE BY THE SECRETARY OF STATE OR THE ATTORNEY GENERAL.

6.5–101.

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

(c) (1) “Charitable purpose” means the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose whose achievement is beneficial to the community.

(2) “CHARITABLE PURPOSE” DOES NOT INCLUDE PARTICIPATING IN OR INTERVENING IN A POLITICAL CAMPAIGN, INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS, ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE IN THE SAME MANNER AS § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY 19, 2025, WITH RESPECT TO PROHIBITING POLITICAL CAMPAIGN ACTIVITY.

6.5–103.

(c) The remedies under this section are in addition to and do not limit the powers and duties of the Secretary of State and the Attorney General under § 6–205 OR § 6–623 of this article or § 6.5–102 of this title.

Article – Tax – General

10–104.

(A) The income tax does not apply to the income of:

(1) a common trust fund, as defined in § 3–501(b) of the Financial Institutions Article;

(2) except as provided in SUBSECTION (B) OF THIS SECTION AND §§ 10–101(e)(3) of this subtitle and 10–304(2) of this title, an organization that is exempt from taxation under § 408(e)(1) or § 501 of the Internal Revenue Code;

(3) a financial institution that is subject to the financial institution franchise tax;

(4) a person subject to taxation under Title 6 of the Insurance Article;

(5) except as provided in § 10–102.1 of this subtitle, a partnership, as defined in § 761 of the Internal Revenue Code;

(6) except as provided in § 10–102.1 of this subtitle and § 10–304(3) of this title, an S corporation;

(7) except as provided in § 10–304(4) of this title, an investment conduit or a special exempt entity; or

(8) except as provided in § 10–102.1 of this subtitle, a limited liability company as defined under Title 4A of the Corporations and Associations Article to the extent that the company is taxable as a partnership, as defined in § 761 of the Internal Revenue Code.

(B) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE.

(2) THIS SUBSECTION APPLIES ONLY TO A CHARITABLE ORGANIZATION THAT IS SUBJECT TO THE REQUIREMENTS OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.

(3) (I) THE EXEMPTION PROVIDED UNDER SUBSECTION (A)(2) OF THIS SECTION DOES NOT APPLY TO A CHARITABLE ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE IF THE CHARITABLE ORGANIZATION PARTICIPATES IN OR INTERVENES IN, INCLUDING THROUGH PUBLICATION OR DISTRIBUTION OF STATEMENTS, A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE.

(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE INTERPRETED AND APPLIED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL CAMPAIGN ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY 19, 2025.

(4) IF A REVOCATION OF A CHARITABLE ORGANIZATION’S TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6–623(F) OF THE BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT QUALIFY FOR THE EXEMPTION UNDER SUBSECTION (A)(2) OF THIS SECTION UNTIL THE TIME OF THE REVOCATION ELAPSES AS REQUIRED.

(5) PARAGRAPH (4) OF THIS SUBSECTION APPLIES BEGINNING WITH THE TAXABLE YEAR THAT THE REVOCATION OF A CHARITABLE ORGANIZATION’S

TAX-EXEMPT STATUS IS ORDERED UNDER § 6-623(F) OF THE BUSINESS REGULATION ARTICLE.

11-204.

(a) **[The] EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE** sales and use tax does not apply to:

(1) a sale to a cemetery company, as described in § 501(c)(13) of the Internal Revenue Code in effect on July 1, 1987;

(2) a sale to a credit union organized under the laws of the State or of the United States;

(3) a sale to a nonprofit organization made to carry on its work, if the organization:

(i) 1. is located in the State;

2. is located in an adjacent jurisdiction and provides its services within the State on a routine and regular basis; or

3. is located in an adjacent jurisdiction whose law:

A. does not impose a sales or use tax on a sale to a nonprofit organization made to carry on its work; or

B. contains a reciprocal exemption from sales and use tax for sales to nonprofit organizations located in adjacent jurisdictions similar to the exemption allowed under this subsection;

(ii) is a charitable, educational, or religious organization;

(iii) is not the United States; and

(iv) except for the American National Red Cross, is not a unit or instrumentality of the United States;

(4) a sale, not exceeding \$500, to a nonprofit incorporated senior citizens' organization made to carry on its work, if the organization:

(i) is located in the State; and

(ii) receives funding from the State or a political subdivision of the State;

(5) a sale to a volunteer fire company or department or volunteer ambulance company or rescue squad located in the State made to carry on the work of the company, department, or squad;

(6) a sale of tangible personal property, a digital code, or a digital product to a nonprofit parent-teacher association located in the State if the association makes the purchase to contribute the property to a school to which a sale is exempt under item (3) of this subsection or § 11-220 of this subtitle;

(7) a sale to a nonprofit organization made to carry on its work, if the organization:

(i) is qualified as tax exempt under § 501(c)(4) of the Internal Revenue Code; and

(ii) is engaged primarily in providing a program to render its best efforts to contain, clean up, and otherwise mitigate spills of oil or other substances occurring in United States coastal and tidal waters; or

(8) a sale to a bona fide nationally organized and recognized organization of veterans of the armed forces of the United States or an auxiliary of the organization or one of its units, if the organization is qualified as tax exempt under § 501(c)(4) or § 501(c)(19) of the Internal Revenue Code.

(b) **[The] EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE** sales and use tax does not apply to a sale by:

(1) a bona fide church or religious organization, if the sale is made for the general purposes of the church or organization;

(2) a gift shop at a mental hospital that the Maryland Department of Health operates;

(3) a hospital thrift shop that:

(i) is operated by all volunteer staff;

(ii) sells only donated articles;

(iii) contributes the profits from sales to the hospital with which the shop is associated; and

(iv) is not operated in conjunction with a gift shop or another retail establishment;

(4) a vending facility operated under the Maryland Vending Program for the Blind if:

(i) the facility is located on property held or acquired by or for the use of the United States for any military or naval purpose; and

(ii) a post exchange or other tax-exempt concession is located and operated on the same property;

(5) an elementary or secondary school in the State or a nonprofit parent-teacher organization or other nonprofit organization within an elementary or secondary school in the State for the sale of magazine subscriptions in a fund-raising campaign, if the net proceeds are used solely for the educational benefit of the school or its students, including a sale resulting from an agreement or contract with an organization to participate in a fund-raising campaign for a percentage of the gross receipts under which students act as agents or salespersons for the organization by selling or taking orders for the sale;

(6) a parent-teacher organization or other organization within an elementary or secondary school in the State or within a school system in the State;

(7) subject to subsection (e) of this section, a bona fide church, religious organization, or other nonprofit organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code if:

(i) the sale is made at an auction sale; and

(ii) the proceeds of the sale are used to carry on the exempt purposes of the church or organization; or

(8) a nonprofit organization exempt from taxation under § 501(c)(3) of the Internal Revenue Code that maintains a memorial on property that is owned by the State if the proceeds of the sale are used to maintain a memorial on property that is owned by the State.

(c) To qualify as an organization to which a sale is exempt under subsection (a)(3) or (5) of this section, the organization shall file an application for an exemption certificate with the Comptroller.

(d) The Comptroller may treat the possession of an effective determination letter of status under § 501(c)(3) or (13) of the Internal Revenue Code from the Internal Revenue Service as evidence that an organization qualifies under subsection (a)(3) or (5) or (1) of this section, respectively.

(e) For a sale described under subsection (b)(7) of this section that is not otherwise exempt under this section, only that part of the sale price that qualifies for a deduction under the federal income tax as a charitable contribution under the regulations and guidelines of the Internal Revenue Service is exempt from the sales and use tax under this section.

(F) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE.

(2) THIS SUBSECTION APPLIES ONLY TO A CHARITABLE ORGANIZATION THAT IS SUBJECT TO THE REQUIREMENTS OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.

(3) (I) THE EXEMPTION PROVIDED UNDER THIS SECTION DOES NOT APPLY TO A CHARITABLE ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE IF THE CHARITABLE ORGANIZATION PARTICIPATES IN OR INTERVENES IN A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE, INCLUDING THROUGH PUBLICATION OR DISTRIBUTION OF STATEMENTS.

(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE INTERPRETED AND APPLIED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL CAMPAIGN ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY 19, 2025.

(4) IF A REVOCATION OF A CHARITABLE ORGANIZATION’S TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6–623(F) OF THE BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT QUALIFY FOR AN EXEMPTION UNDER THIS SECTION UNTIL THE TIME OF THE REVOCATION ELAPSES AS REQUIRED.

Article – Tax – Property

7–202.

(a) In this section:

(1) “fraternal organization” means any organization that:

(i) is conducted solely for the benefit of its members and its beneficiaries;

(ii) is operated on a lodge system with a ritualistic activity; and

(iii) has a representative form of government;

(2) “fraternal organization” includes a sororal organization; and

(3) “fraternal organization” does not include:

(i) any college or high school fraternity or sorority; or

(ii) any other fraternal or sororal organization the membership of which is restricted wholly or largely to students or graduates of an educational institution or a professional school.

(b) (1) Except as provided in [subsection] **SUBSECTIONS (c) AND (E)** of this section and § 6–302(d) of this article and subject to § 7–204.1 of this subtitle, property is not subject to property tax if the property:

(i) is necessary for and actually used exclusively for a charitable or educational purpose to promote the general welfare of the people of the State, including an activity or an athletic program of an educational institution; and

(ii) is owned by:

1. a nonprofit hospital;

2. a nonprofit charitable, fraternal, educational, or literary organization including:

A. a public library that is authorized under Title 23 of the Education Article; and

B. a men's or women's club that is a nonpolitical and nonstock club;

3. a corporation, limited liability company, or trustee that holds the property for the sole benefit of an organization that qualifies for an exemption under this section; or

4. a nonprofit housing corporation.

(2) The exemption under paragraph (1)(ii)1 of this subsection includes any personal property initially leased by a nonprofit hospital for more than 1 year under a lease that is noncancellable except for cause.

(c) (1) This subsection does not apply to real property owned by a nonprofit charitable museum that:

(i) is open to the public; and

(ii) does not charge an admission fee.

(2) Except for a nonprofit hospital, not more than 100 acres of real property owned by an exempt organization and appurtenant to the premises of the exempt

organization is exempt from property tax, if the property is located outside of a municipal corporation or Baltimore City.

(3) Not more than 100 acres of real property of a nonprofit hospital that is appurtenant to the hospital is exempt from property tax.

(d) (1) Notwithstanding § 7–104 of this title and after filing the application provided by § 7–103 of this title, property tax on any property that is transferred to a nonprofit charitable organization is abated from the date during the taxable year when the instrument transferring title to the organization is recorded if:

(i) the property is transferred to a nonprofit charitable organization qualified under § 501(c)(3) of the Internal Revenue Code;

(ii) the property becomes exempt under this section;

(iii) the property has a value less than \$300,000 as listed in the records of the Department on the date when the instrument transferring title to the organization is recorded; and

(iv) the nonprofit charitable organization provides the Department evidence of the property tax it actually paid or reimbursed at the property settlement.

(2) The amount of property tax abated under this subsection may not exceed the amount of property tax actually paid or reimbursed by an eligible organization at the property settlement.

(E) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE.

(2) THIS SUBSECTION APPLIES ONLY TO A CHARITABLE ORGANIZATION THAT IS SUBJECT TO THE REQUIREMENTS OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.

(3) (I) THE EXEMPTION PROVIDED UNDER THIS SECTION DOES NOT APPLY TO A CHARITABLE ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE IF THE CHARITABLE ORGANIZATION PARTICIPATES IN OR INTERVENES IN, INCLUDING THROUGH PUBLICATION OR DISTRIBUTION OF STATEMENTS, A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE.

(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE INTERPRETED AND APPLIED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL CAMPAIGN ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE

CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY 19, 2025.

(4) IF A REVOCATION OF A CHARITABLE ORGANIZATION'S TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6-623(F) OF THE BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT QUALIFY FOR THE PROPERTY TAX EXEMPTION UNDER THIS SECTION UNTIL THE TIME OF THE REVOCATION ELAPSES AS REQUIRED.

(5) PARAGRAPH (4) OF THIS SUBSECTION APPLIES BEGINNING WITH THE TAXABLE YEAR THAT THE REVOCATION OF A CHARITABLE ORGANIZATION'S TAX-EXEMPT STATUS IS ORDERED UNDER § 6-623(F) OF THE BUSINESS REGULATION ARTICLE.

7-204.

(A) Except as provided in § 6-302(d) of this article and subject to § 7-204.1 of this subtitle AND EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, property that is owned by a religious group or organization is not subject to property tax if the property is actually used exclusively for:

- (1) public religious worship;**
- (2) a parsonage or convent; or**
- (3) educational purposes.**

(B) (1) IN THIS SUBSECTION, "CHARITABLE ORGANIZATION" HAS THE MEANING STATED IN § 6-101 OF THE BUSINESS REGULATION ARTICLE.

(2) THIS SUBSECTION APPLIES ONLY TO A CHARITABLE ORGANIZATION THAT IS SUBJECT TO THE REQUIREMENTS OF § 6-623 OF THE BUSINESS REGULATION ARTICLE.

(3) (I) THE EXEMPTION PROVIDED UNDER THIS SECTION DOES NOT APPLY TO A CHARITABLE ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE IF THE CHARITABLE ORGANIZATION PARTICIPATES IN OR INTERVENES IN A POLITICAL CAMPAIGN ON BEHALF OF OR IN OPPOSITION TO A CANDIDATE FOR PUBLIC OFFICE, INCLUDING THROUGH PUBLICATION OR DISTRIBUTION OF STATEMENTS.

(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE INTERPRETED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL CAMPAIGN ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS

1 INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY
2 19, 2025.

3 (4) IF A REVOCATION OF A CHARITABLE ORGANIZATION'S
4 TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6-623(F) OF THE
5 BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT
6 QUALIFY FOR THE PROPERTY TAX EXEMPTION UNDER THIS SECTION UNTIL THE
7 TIME OF THE REVOCATION ELAPSES AS REQUIRED.

8 (5) PARAGRAPH (4) OF THIS SUBSECTION APPLIES BEGINNING WITH
9 THE TAXABLE YEAR THAT THE REVOCATION OF A CHARITABLE ORGANIZATION'S
10 TAX-EXEMPT STATUS IS ORDERED UNDER § 6-623(F) OF THE BUSINESS
11 REGULATION ARTICLE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That:

13 (a) In this section, "Johnson Amendment" means the provision contained in §
14 501(c)(3) of the Internal Revenue Code that prohibits a federally tax-exempt entity from
15 participating in or intervening in any political campaign on behalf of or in opposition to a
16 candidate for public office, including through publication or distribution of statements, as
17 that provision was interpreted and applied by the Internal Revenue Service as of January
18 19, 2025.

19 (b) Section 1 of this Act is contingent on any action by the President of the United
20 States or the Internal Revenue Service or change in federal law that, in whole or in part,
21 prevents the enforcement of, or renders null and void, the Johnson Amendment with
22 respect to any charitable organization to which the provisions of § 6-623 of the Business
23 Regulation Article apply.

24 (c) (1) The Attorney General shall monitor action by the federal government
25 to determine whether any action or change occurs as described under subsection (b) of this
26 section.

27 (2) If the Attorney General determines an action or change occurs as
28 described under subsection (b) of this section, the Attorney General shall notify the
29 Department of Legislative Services within 5 days after the determination is made.

30 (d) If the Department of Legislative Services receives notice from the Attorney
31 General as described under subsection (c)(2) of this section, Section 1 of this Act shall take
32 effect on the date the notice is received by the Department of Legislative Services.

33 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to Section 2 of this
34 Act, this Act is an emergency measure, is necessary for the immediate preservation of the
35 public health or safety, has been passed by a yea and nay vote supported by three-fifths of
36 all the members elected to each of the two Houses of the General Assembly, and shall take
37 effect from the date it is enacted.