

Chapter 734

(Senate Bill 1045)

AN ACT concerning

State Government – Grants and Contracts – Reimbursement of Indirect Costs

FOR the purpose of requiring that the terms of a certain grant or contract allow for reimbursement of indirect costs at the same rate the nonprofit organization has negotiated ~~to receive for certain reimbursement~~ and received for indirect costs under a direct federal award or negotiated and received from a nonfederal entity based on certain cost principles or, under certain circumstances, at a rate of at least a certain percent of certain costs; providing for the application of this Act; defining certain terms; and generally relating to State-funded grants and contracts.

BY adding to

Article – State Finance and Procurement

Section 2–208

Annotated Code of Maryland

(2015 Replacement Volume and 2017 Supplement)

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

Article – State Finance and Procurement**2–208.**

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

(2) “INDIRECT COSTS” MEANS ANY COSTS THAT WOULD BE CONSIDERED TO BE INDIRECT COSTS UNDER ~~2 C.F.R. 200.414~~ OMB UNIFORM GUIDANCE.

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

(4) “OMB UNIFORM GUIDANCE” MEANS THE UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS ADOPTED BY THE OFFICE OF MANAGEMENT AND BUDGET IN 2 C.F.R. 200 AND ANY RELATED GUIDANCE PUBLISHED BY THE OFFICE OF MANAGEMENT AND BUDGET.

(B) IF A NONPROFIT ORGANIZATION IS A DIRECT RECIPIENT OR SUBRECIPIENT OF A GRANT OR CONTRACT FOR THE PROVISION OF SERVICES THAT IS FUNDED EITHER PARTIALLY OR WHOLLY WITH STATE FUNDS OR WITH A COMBINATION OF STATE AND OTHER NONFEDERAL FUNDS, THE TERMS OF THE GRANT OR CONTRACT SHALL ALLOW FOR REIMBURSEMENT OF INDIRECT COSTS:

(1) AT THE SAME RATE THE NONPROFIT ORGANIZATION HAS NEGOTIATED ~~TO RECEIVE FOR REIMBURSEMENT OF~~ AND RECEIVED:

(I) FOR INDIRECT COSTS UNDER A DIRECT FEDERAL AWARD;
OR

(II) FROM A NONFEDERAL ENTITY BASED ON THE COST PRINCIPLES IN SUBPART E OF OMB UNIFORM GUIDANCE; OR

(2) IF THE NONPROFIT ORGANIZATION HAS NOT NEGOTIATED ~~A FEDERAL REIMBURSEMENT~~ AND RECEIVED AN INDIRECT COST RATE DESCRIBED IN ITEM (1) OF THIS SUBSECTION, AT A RATE OF AT LEAST 10% OF THE COSTS THAT WOULD BE CONSIDERED MODIFIED TOTAL DIRECT COSTS UNDER OMB UNIFORM GUIDANCE.

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

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

Approved by the Governor, May 15, 2018.