

SENATE BILL 127

P2, P1

EMERGENCY BILL
ENROLLED BILL

(5lr0680)

— *Budget and Taxation/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 Government – Grants and Contracts – Reimbursement of Indirect Costs**

3 FOR the purpose of altering the rate at which certain nonprofit organizations receiving
4 State-funded grants or contracts may be reimbursed for indirect costs; and generally
5 relating to State-funded grants and contracts.

6 BY repealing and reenacting, with amendments,

7 Article – State Finance and Procurement

8 Section 2–208

9 Annotated Code of Maryland

10 (2021 Replacement Volume and 2024 Supplement)

11 BY repealing and reenacting, without amendments,

12 Article – State Finance and Procurement

13 Section 2–210(a)(1), (2), (3), and (6), (b)(1)(iii), and (c)

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 (2021 Replacement Volume and 2024 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 an organization that is tax exempt
11 under § 501(c)(3), (4), or (6) of the Internal Revenue Code.

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

16 (b) (1) This section applies only to:

17 (i) a grant or contract awarded on or after October 1, 2018;

18 (ii) a multi–year grant or contract awarded before October 1, 2018,
19 if:

20 1. the grant or contract continues to be in effect on or after
21 October 1, 2018; and

22 2. funding for the grant or contract is required to be
23 authorized separately for each fiscal year; and

24 (iii) an extension or a renewal of a grant or contract if the extension
25 or renewal is awarded on or after July 1, 2019.

26 (2) This section applies whether or not the funds awarded through the
27 grant or contract are transferred directly by the State or through a third party to the
28 nonprofit organization.

29 (3) This section does not require the reimbursement of indirect costs
30 incurred under a multi–year grant or contract described under paragraph (1)(ii) of this
31 subsection during any fiscal year that begins before July 1, 2019.

1 (c) If a nonprofit organization is a direct recipient or subrecipient of a grant or
2 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%] **EQUAL TO THE**
12 **GREATER OF THE DE MINIMIS RATE ESTABLISHED IN SUBPART E OF OMB UNIFORM**
13 **GUIDANCE OR 15%** of the costs that would be considered modified total direct costs under
14 OMB Uniform Guidance.

15 2–210.

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

17 (2) “Council” means the Maryland Efficient Grant Application Council
18 established under § 2–209 of this subtitle.

19 (3) “Department” means the Department of Budget and Management.

20 (6) “Uniform Guidance” means the Office of Management and Budget
21 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for
22 Federal Awards, 2 C.F.R. Part 200.

23 (b) (1) In order to improve efficiency, streamline and reduce redundant
24 processes, reduce paperwork and administrative burdens on both granting agencies and
25 grant recipients, and facilitate development and implementation of a statewide centralized
26 grants management and accountability system, the Council shall study and make
27 recommendations to the Department regarding the entire grants life cycle, including:

28 (iii) regulations adopting each part of the uniform guidance, with
29 appropriate modifications for its application to grant-making entities in the State,
30 including modifications or variances based on the scope or size of particular grant
31 programs, grant-making entities, or grantees;

32 (c) On or before July 1, 2027, the Council shall submit a report on its full
33 recommendations as required by subsection (b)(1) of this section to the Department and the
34 General Assembly, in accordance with § 2–1257 of the State Government Article.

1 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect~~
 2 ~~October 1, 2025. It shall remain effective for a period of 2 years and 9 months and, at the~~
 3 ~~end of June 30, 2028, this Act, with no further action required by the General Assembly,~~
 4 ~~shall be abrogated and of no further force and effect.~~

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.