

HOUSE BILL 656

Q3, Q4, Q1
HB 1192/25 – W&M

6lr1593

By: **Delegates R. Long, Anderson, Arentz, Baker, Chisholm, Ciliberti, Griffith, Hornberger, Tomlinson, and Valentine**

Introduced and read first time: January 30, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income, Sales and Use, and Property Taxes – Revocation of Exempt Status for**
3 **Nonprofit Organizations for Supporting Terrorist Organizations**

4 FOR the purpose of requiring, as practicable, the Comptroller and the Director of the State
5 Department of Assessments and Taxation to jointly determine on a regular basis
6 whether a certain nonprofit organization in the State has been found to be a certain
7 terrorist-supporting organization; requiring that the Comptroller and the Director
8 revoke a terrorist-supporting organization's tax-exempt status with respect to
9 certain Maryland income tax, sales and use tax, and property tax exemptions;
10 establishing procedures for the revocation and reinstatement of a nonprofit
11 organization's tax-exempt status under this Act; and generally relating to the
12 tax-exempt status of nonprofit organizations who support terrorist organizations.

13 BY adding to

14 Article – Tax – General

15 Section 2–121

16 Annotated Code of Maryland

17 (2022 Replacement Volume and 2025 Supplement)

18 BY adding to

19 Article – Tax – Property

20 Section 7–111

21 Annotated Code of Maryland

22 (2019 Replacement Volume and 2025 Supplement)

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

25 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 2-121.

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

4 (2) "DIRECTOR" MEANS THE DIRECTOR OF THE STATE DEPARTMENT
5 OF ASSESSMENTS AND TAXATION.

6 (3) "MATERIAL SUPPORT OR RESOURCES" HAS THE MEANING
7 STATED IN 18 U.S.C. § 2339A.

8 (4) "NONPROFIT ORGANIZATION" MEANS A BUSINESS ENTITY THAT:

9 (I) IS EXEMPT FROM FEDERAL INCOME TAXES UNDER § 501 OF
10 THE INTERNAL REVENUE CODE; AND

11 (II) HAS BEEN GRANTED:

12 1. AN INCOME TAX EXEMPTION UNDER § 10-104 OF THIS
13 ARTICLE;

14 2. A SALES AND USE TAX EXEMPTION UNDER § 11-204 OF
15 THIS ARTICLE; OR

16 3. A PROPERTY TAX EXEMPTION UNDER § 7-202 OR §
17 7-204 OF THE TAX - PROPERTY ARTICLE.

18 (5) "TERRORIST-SUPPORTING ORGANIZATION" MEANS A NONPROFIT
19 ORGANIZATION OR AN AGENT OF THE NONPROFIT ORGANIZATION THAT HAS BEEN
20 FOUND BY A FEDERAL AGENCY TO BE IN VIOLATION OF 18 U.S.C. § 2339A OR §
21 2339B FOR PROVIDING MATERIAL SUPPORT OR RESOURCES TO AN ORGANIZATION
22 DESIGNATED AS A TERRORIST ORGANIZATION BY THE U.S. SECRETARY OF STATE
23 OR UNDER § 501(P) OF THE INTERNAL REVENUE CODE.

24 (B) THE COMPTROLLER AND THE DIRECTOR SHALL JOINTLY, AS
25 PRACTICABLE, DETERMINE ON A REGULAR BASIS WHETHER ANY NONPROFIT
26 ORGANIZATION IN THE STATE HAS BEEN FOUND TO BE A TERRORIST-SUPPORTING
27 ORGANIZATION.

28 (C) SUBJECT TO SUBSECTIONS (D) THROUGH (F) OF THIS SECTION, IF THE
29 COMPTROLLER AND THE DIRECTOR DETERMINE THAT A NONPROFIT
30 ORGANIZATION IN THE STATE HAS BEEN FOUND TO BE A TERRORIST-SUPPORTING
31 ORGANIZATION IN ANY OF THE 3 IMMEDIATELY PRECEDING TAXABLE YEARS, THE

1 **COMPTROLLER SHALL REVOKE THE NONPROFIT ORGANIZATION'S TAX-EXEMPT**
2 **STATUS WITH RESPECT TO THE INCOME TAX AND SALES AND USE TAX IMPOSED**
3 **UNDER THIS ARTICLE.**

4 **(D) (1) BEFORE REVOKING A NONPROFIT ORGANIZATION'S**
5 **TAX-EXEMPT STATUS UNDER THIS SECTION, THE COMPTROLLER SHALL SEND**
6 **NOTICE OF THE REVOCATION BY REGISTERED MAIL TO:**

7 **(I) THE NONPROFIT ORGANIZATION'S ADDRESS OF**
8 **REGISTRATION IN THE STATE; AND**

9 **(II) IF APPLICABLE, THE ADDRESS ON THE MOST RECENTLY**
10 **FILED INCOME TAX RETURN FOR THE NONPROFIT ORGANIZATION.**

11 **(2) THE NOTICE REQUIRED UNDER THIS SECTION SHALL INCLUDE**
12 **ANY INFORMATION ON WHICH THE COMPTROLLER RELIED WHEN DECIDING TO**
13 **REVOKE THE NONPROFIT ORGANIZATION'S TAX-EXEMPT STATUS.**

14 **(E) (1) A NONPROFIT ORGANIZATION THAT RECEIVES A NOTICE OF**
15 **REVOCATION UNDER SUBSECTION (D) OF THIS SECTION SHALL HAVE 90 CALENDAR**
16 **DAYS FROM THE DATE THE LAST NOTICE IS MAILED TO PROVIDE ANY INFORMATION**
17 **AS MAY BE REQUIRED BY THE COMPTROLLER TO PREVENT THE REVOCATION.**

18 **(2) THE COMPTROLLER MAY WITHDRAW THE DECISION TO REVOKE**
19 **BASED ON THE INFORMATION PROVIDED BY THE NONPROFIT ORGANIZATION UNDER**
20 **PARAGRAPH (1) OF THIS SUBSECTION.**

21 **(F) (1) AFTER THE 90 DAYS UNDER SUBSECTION (E)(1) OF THIS SECTION**
22 **LAPSE, THE REVOCATION SHALL BECOME EFFECTIVE UNLESS THE COMPTROLLER**
23 **WITHDRAWS THE DECISION TO REVOKE IN ACCORDANCE WITH SUBSECTION (E)(2)**
24 **OF THIS SECTION.**

25 **(2) THE COMPTROLLER SHALL PROMPTLY NOTIFY THE DIRECTOR**
26 **WHEN ANY REVOCATION AUTHORIZED UNDER THIS SECTION BECOMES EFFECTIVE.**

27 **(3) THE COMPTROLLER MAY REINSTATE A NONPROFIT**
28 **ORGANIZATION'S TAX-EXEMPT STATUS THAT HAS BEEN REVOKED UNDER THIS**
29 **SECTION ONLY IF:**

30 **(I) THE COMPTROLLER DETERMINES THE REVOCATION WAS**
31 **ERRONEOUS;**

