

SENATE BILL 4

C2, Q3, Q4

EMERGENCY BILL
(PRE-FILED)

6lr0735
CF HB 514

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

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 7, 2026

CHAPTER _____

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 and a certain private
9 foundation; prohibiting certain charitable organizations, including certain private
10 foundations, from participating in or intervening in a political campaign on behalf of
11 or in opposition to a candidate for public office; authorizing the Secretary of State
12 and the Attorney General, acting jointly, to order the revocation of certain
13 tax-exempt statuses of a charitable organization, including a certain private
14 foundation, under certain circumstances; requiring the Comptroller and the Director
15 of the State Department of Assessments and Taxation to revoke certain tax-exempt
16 statuses under certain circumstances; providing that a charitable organization,
17 including a certain private foundation, whose tax-exempt status is revoked does not
18 qualify for certain income, sales and use, and property tax exemptions; requiring the
19 Attorney General to monitor action by the federal government for a certain purpose;
20 and generally relating to charitable organizations.

21 BY repealing and reenacting, without amendments,
22 Article – Business Regulation
23 Section 6-101(a), ~~6-402(a)~~, and 6.5-101(a)

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 Annotated Code of Maryland
2 (2024 Replacement Volume and 2025 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – Business Regulation
5 Section 6–101(d), 6–205, ~~6–402(b)(9) and (10)~~, 6.5–101(c), and 6.5–103(c)
6 Annotated Code of Maryland
7 (2024 Replacement Volume and 2025 Supplement)

8 BY adding to
9 Article – Business Regulation
10 Section ~~6–402(b)(10)~~ and 6–623
11 Annotated Code of Maryland
12 (2024 Replacement Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–104 and 11–204
16 Annotated Code of Maryland
17 (2022 Replacement Volume and 2025 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Tax – Property
20 Section 7–202 and 7–204
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 – Business Regulation**

26 6–101.

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

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

29 (i) a person that:

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

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

1 (i) finds that:

2 1. **§ 6-623 OF THIS TITLE HAS BEEN VIOLATED; OR**

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

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

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

10 (c) ~~A~~ **EXCEPT AS PROVIDED IN § 6-623(D) OF THIS TITLE,** A settlement
11 agreement under subsection (b)(1) of this section may include one or more of the following
12 stipulations or conditions:

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

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

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

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

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

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

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

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

1 (f) ~~The~~ **EXCEPT IN THE ENFORCEMENT OF § 6-623 OF THIS TITLE, THE**
 2 Attorney General may sue in the circuit court for the county in which the alleged violation
 3 occurred for an order that:

4 (1) restrains further violation of this title;

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

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

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

11 (5) enforces compliance with this title; or

12 (6) secures any other appropriate relief, including:

13 (i) refunds to donors; and

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

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

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

22 ~~6-402.~~

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

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

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

31 ~~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~~

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

6-623.

(A) IN THIS SECTION, "DIRECTOR" MEANS THE DIRECTOR OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION.

(B) (1) THIS EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS SECTION APPLIES TO EACH CHARITABLE ORGANIZATION THAT:

~~(1)~~ **(I) IS INCORPORATED OR OTHERWISE ESTABLISHED UNDER STATE LAW OR THE LAWS OF ANOTHER STATE;**

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

~~(3)~~ ~~(4)~~ **(III) 1. IS REQUIRED TO REGISTER WITH THE SECRETARY OF STATE UNDER SUBTITLE 4 OF THIS TITLE; OR**

~~(4)~~ **2. IF EXEMPT FROM THE REGISTRATION REQUIREMENT, CONDUCTS BUSINESS OR OTHER ACTIVITIES IN THE STATE.**

(2) NOTWITHSTANDING SUBSECTION (C)(2) OF THIS SECTION, THIS SECTION DOES NOT APPLY TO A RELIGIOUS ORGANIZATION THAT IS AUTHORIZED TO RECEIVE DEDUCTIBLE DONATIONS THAT ARE SUBJECT TO THE AGGREGATE CONTRIBUTION LIMITATION UNDER § 170(B)(1)(A)(I) OF THE INTERNAL REVENUE CODE.

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

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

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

9 **(I) ASSESS CIVIL PENALTIES IN ACCORDANCE WITH**
10 **SUBSECTION (E) OF THIS SECTION; OR**

11 **(II) ORDER A REVOCATION IN ACCORDANCE WITH SUBSECTION**
12 **(F) OF THIS SECTION.**

13 **(2) (I) BEFORE ASSESSING A CIVIL PENALTY OR ORDERING A**
14 **REVOCATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE SECRETARY OF**
15 **STATE OR THE ATTORNEY GENERAL SHALL ATTEMPT TO ENTER INTO, BY**
16 **MEDIATION WITH THE APPARENT VIOLATORS AND ANY REPRESENTATIVE OF THE**
17 **APPARENT VIOLATORS, A SETTLEMENT AGREEMENT UNDER § 6-205(B)(1) OF THIS**
18 **TITLE.**

19 **(II) A SETTLEMENT AGREEMENT UNDER § 6-205(B)(1) OF THIS**
20 **TITLE RESULTING FROM AN APPARENT VIOLATION OF THIS SECTION MAY NOT**
21 **INCLUDE THE FOLLOWING STIPULATIONS OR CONDITIONS:**

22 **1. PAYMENT BY THE APPARENT VIOLATOR OF THE COST**
23 **OF THE INVESTIGATION;**

24 **2. PAYMENT BY THE APPARENT VIOLATOR OF REFUNDS**
25 **TO DONORS A COURT COULD ORDER UNDER THIS TITLE; OR**

26 **3. PAYMENT BY THE APPARENT VIOLATOR OF**
27 **CONTRIBUTIONS RECEIVED TO CHARITABLE OR PUBLIC SAFETY BENEFICIARIES OR**
28 **FOR CHARITABLE OR PUBLIC SAFETY PURPOSES CONSISTENT WITH THE**
29 **BENEFICIARIES NAMED OR PURPOSES REPRESENTED IN THE CHARITABLE OR**
30 **PUBLIC SAFETY SOLICITATIONS WHICH GENERATED THE CONTRIBUTIONS.**

31 **~~(2)~~ (3) (I) 1. IF THE SECRETARY OF STATE OR THE**
32 **ATTORNEY GENERAL FINDS OR HAS REASONABLE GROUNDS TO BELIEVE THAT A**
33 **CHARITABLE ORGANIZATION HAS VIOLATED THIS SECTION, THE SECRETARY OF**

1 STATE OR THE ATTORNEY GENERAL SHALL PROVIDE WRITTEN NOTICE TO THE
2 CHARITABLE ORGANIZATION.

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

7 (II) NOTICE REQUIRED UNDER THIS PARAGRAPH SHALL
8 INCLUDE A DESCRIPTION OF:

9 1. THE VIOLATION;

10 2. ~~ANY~~ AN OFFER FOR MEDIATION AS PROVIDED IN §
11 6-205(B)(1) OF THIS TITLE;

12 3. ANY CIVIL PENALTY ASSESSED UNDER SUBSECTION
13 (E) OF THIS SECTION;

14 4. ANY REVOCATION OF A TAX-EXEMPT STATUS UNDER
15 SUBSECTION (F) OF THIS SECTION; AND

16 5. ~~THE PENALTY AVOIDANCE PROCESS DESCRIBED IN~~
17 ~~PARAGRAPH (3) OF THIS SUBSECTION; AND~~

18 ~~6.~~ THE APPEAL RIGHTS PROVIDED UNDER SUBSECTION
19 (G) OF THIS SECTION.

20 ~~(3) (1) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, IF A~~
21 ~~CHARITABLE ORGANIZATION RECEIVES NOTICE FOR VIOLATING THIS SECTION, THE~~
22 ~~CHARITABLE ORGANIZATION MAY AVOID THE VIOLATION AND IMPOSITION OF A~~
23 ~~PENALTY UNDER THIS SECTION IF THE CHARITABLE ORGANIZATION:~~

24 ~~1. CAN SHOW THE CONDUCT GIVING RISE TO THE~~
25 ~~VIOLATION WAS NOT APPROVED OR AUTHORIZED BY THE CHIEF EXECUTIVE OR~~
26 ~~GOVERNING BODY OF THE CHARITABLE ORGANIZATION; AND~~

27 ~~2. PUBLICLY AND EFFECTIVELY DISCLAIMS THE~~
28 ~~CONDUCT GIVING RISE TO THE VIOLATION NOT LATER THAN 7 DAYS AFTER~~
29 ~~RECEIVING NOTICE OF THE VIOLATION.~~

~~(H) 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:

(I) FOR A FIRST VIOLATION, A WARNING; AND

(II) FOR A SECOND OR SUBSEQUENT VIOLATION, A CIVIL PENALTY NOT EXCEEDING \$5,000 \$1,000 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~~ MAY 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 1. AN INCOME TAX EXEMPTION THAT HAS BEEN
2 GRANTED UNDER § 10-104 OF THE TAX – GENERAL ARTICLE;

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

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

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

11 (4) (i) ~~A~~ EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
12 PARAGRAPH, A REVOCATION UNDER THIS SECTION SHALL REMAIN IN EFFECT FOR 2
13 YEARS FROM THE DATE THE REVOCATION BECOMES EFFECTIVE.

14 (ii) AFTER THE 2-YEAR REVOCATION PERIOD ELAPSES OR THE
15 SECRETARY OF STATE OR THE ATTORNEY GENERAL ENTERS INTO A SETTLEMENT
16 AGREEMENT UNDER § 6-205(B)(1) OF THIS TITLE WITH THE CHARITABLE
17 ORGANIZATION, THE CHARITABLE ORGANIZATION MAY REAPPLY TO THE
18 COMPTROLLER OR THE DIRECTOR FOR ANY TAX-EXEMPT STATUS THAT WAS
19 AFFECTED BY THE REVOCATION.

20 (g) A CHARITABLE ORGANIZATION THAT RECEIVES NOTICE OF A VIOLATION
21 UNDER THIS SECTION SHALL:

22 (1) WITHIN 15 DAYS AFTER RECEIPT OF ~~A~~ THE NOTICE THAT OFFERS
23 MEDIATION, ACCEPT THE OFFER FOR MEDIATION BY RESPONDING TO THE
24 SECRETARY OF STATE; OR

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

27 (i) PAY THE AMOUNT OF EACH CIVIL PENALTY ASSESSED; OR

28 (ii) REQUEST A HEARING WITH THE SECRETARY OF STATE TO
29 BE HELD IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT
30 ARTICLE OR IN ACCORDANCE WITH § 6-205(G) OF THIS TITLE.

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

4 ~~(1) PROCEDURES FOR PENALTY AVOIDANCE UNDER SUBSECTION~~
 5 ~~(D)(3) OF THIS SECTION; AND~~

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

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

11 6.5–101.

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

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

16 (2) “CHARITABLE PURPOSE” DOES NOT INCLUDE, UNLESS
 17 PERFORMED BY A RELIGIOUS ORGANIZATION THAT IS AUTHORIZED TO RECEIVE
 18 DEDUCTIBLE DONATIONS THAT ARE SUBJECT TO THE AGGREGATE CONTRIBUTION
 19 LIMITATION UNDER § 170(B)(1)(A)(I) OF THE INTERNAL REVENUE CODE,
 20 PARTICIPATING IN OR INTERVENING IN A POLITICAL CAMPAIGN, INCLUDING THE
 21 PUBLISHING OR DISTRIBUTING OF STATEMENTS, ON BEHALF OF OR IN OPPOSITION
 22 TO A CANDIDATE FOR PUBLIC OFFICE IN THE SAME MANNER AS § 501(C)(3) OF THE
 23 INTERNAL REVENUE CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL
 24 REVENUE SERVICE AS OF JANUARY 19, 2025, WITH RESPECT TO PROHIBITING
 25 POLITICAL CAMPAIGN ACTIVITY.

26 6.5–103.

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

30 Article – Tax – General

31 10–104.

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

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

3 (2) except as provided in **SUBSECTION (B) OF THIS SECTION AND §§**
4 **10-101(e)(3)** of this subtitle and 10-304(2) of this title, an organization that is exempt from
5 taxation under § 408(e)(1) or § 501 of the Internal Revenue Code;

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

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

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

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

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

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

19 **(B) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE**
20 **MEANING STATED IN § 6-101 OF THE BUSINESS REGULATION ARTICLE, INCLUDING**
21 **FOR PURPOSES OF § 6-623 OF THE BUSINESS REGULATION ARTICLE.**

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

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

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

1 **CODE WAS INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF**
 2 **JANUARY 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 EXEMPTION UNDER SUBSECTION (A)(2) OF THIS SECTION UNTIL:**

7 **(I) THE TIME OF THE REVOCATION ELAPSES AS REQUIRED; OR**

8 **(II) THE SECRETARY OF STATE OR THE ATTORNEY GENERAL**
 9 **ENTERS INTO A SETTLEMENT AGREEMENT UNDER § 6-205(B)(1) OF THE BUSINESS**
 10 **REGULATION ARTICLE WITH THE CHARITABLE ORGANIZATION.**

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

15 11-204.

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

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

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

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

24 (i) 1. is located in the State;

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

27 3. is located in an adjacent jurisdiction whose law:

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

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

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

2 (iii) is not the United States; and

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

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

7 (i) is located in the State; and

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

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

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

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

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

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

24 (8) a sale to a bona fide nationally organized and recognized organization
25 of veterans of the armed forces of the United States or an auxiliary of the organization or
26 one of its units, if the organization is qualified as tax exempt under § 501(c)(4) or §
27 501(c)(19) of the Internal Revenue Code.

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

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

- 1 (2) a gift shop at a mental hospital that the Maryland Department of
2 Health operates;
- 3 (3) a hospital thrift shop that:
- 4 (i) is operated by all volunteer staff;
- 5 (ii) sells only donated articles;
- 6 (iii) contributes the profits from sales to the hospital with which the
7 shop is associated; and
- 8 (iv) is not operated in conjunction with a gift shop or another retail
9 establishment;
- 10 (4) a vending facility operated under the Maryland Vending Program for
11 the Blind if:
- 12 (i) the facility is located on property held or acquired by or for the
13 use of the United States for any military or naval purpose; and
- 14 (ii) a post exchange or other tax-exempt concession is located and
15 operated on the same property;
- 16 (5) an elementary or secondary school in the State or a nonprofit
17 parent-teacher organization or other nonprofit organization within an elementary or
18 secondary school in the State for the sale of magazine subscriptions in a fund-raising
19 campaign, if the net proceeds are used solely for the educational benefit of the school or its
20 students, including a sale resulting from an agreement or contract with an organization to
21 participate in a fund-raising campaign for a percentage of the gross receipts under which
22 students act as agents or salespersons for the organization by selling or taking orders for
23 the sale;
- 24 (6) a parent-teacher organization or other organization within an
25 elementary or secondary school in the State or within a school system in the State;
- 26 (7) subject to subsection (e) of this section, a bona fide church, religious
27 organization, or other nonprofit organization exempt from taxation under § 501(c)(3) of the
28 Internal Revenue Code if:
- 29 (i) the sale is made at an auction sale; and
- 30 (ii) the proceeds of the sale are used to carry on the exempt purposes
31 of the church or organization; or
- 32 (8) a nonprofit organization exempt from taxation under § 501(c)(3) of the
33 Internal Revenue Code that maintains a memorial on property that is owned by the State

1 if the proceeds of the sale are used to maintain a memorial on property that is owned by
2 the State.

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

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

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

15 (F) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE
16 MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE, INCLUDING
17 FOR PURPOSES OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.

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

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

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

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

36 (I) THE TIME OF THE REVOCATION ELAPSES AS REQUIRED; OR

1 **(II) THE SECRETARY OF STATE OR THE ATTORNEY GENERAL**
 2 **ENTERS INTO A SETTLEMENT AGREEMENT UNDER § 6-205(B)(1) OF THE BUSINESS**
 3 **REGULATION ARTICLE WITH THE CHARITABLE ORGANIZATION.**

4 **Article – Tax – Property**

5 7-202.

6 (a) In this section:

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

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

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

11 (iii) has a representative form of government;

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

13 (3) “fraternal organization” does not include:

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

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

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

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

24 (ii) is owned by:

25 1. a nonprofit hospital;

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

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

1 B. a men’s or women’s club that is a nonpolitical and nonstock
2 club;

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

6 4. a nonprofit housing corporation.

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

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

12 (i) is open to the public; and

13 (ii) does not charge an admission fee.

14 (2) Except for a nonprofit hospital, not more than 100 acres of real property
15 owned by an exempt organization and appurtenant to the premises of the exempt
16 organization is exempt from property tax, if the property is located outside of a municipal
17 corporation or Baltimore City.

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

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

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

26 (ii) the property becomes exempt under this section;

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

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

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

4 **(E) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE**
5 **MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE, INCLUDING**
6 **FOR PURPOSES OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.**

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

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

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

21 **(4) IF A REVOCATION OF A CHARITABLE ORGANIZATION’S**
22 **TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6–623(F) OF THE**
23 **BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT**
24 **QUALIFY FOR THE PROPERTY TAX EXEMPTION UNDER THIS SECTION UNTIL:**

25 **(I) THE TIME OF THE REVOCATION ELAPSES AS REQUIRED; OR**

26 **(II) THE SECRETARY OF STATE OR THE ATTORNEY GENERAL**
27 **ENTERS INTO A SETTLEMENT AGREEMENT UNDER § 6–205(B)(1) OF THE BUSINESS**
28 **REGULATION ARTICLE WITH THE CHARITABLE ORGANIZATION.**

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

33 7–204.

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

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

8 **(B) (1) IN THIS SUBSECTION, “CHARITABLE ORGANIZATION” HAS THE**
9 **MEANING STATED IN § 6–101 OF THE BUSINESS REGULATION ARTICLE, INCLUDING**
10 **FOR PURPOSES OF § 6–623 OF THE BUSINESS REGULATION ARTICLE.**

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

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

20 **(II) SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE**
21 **INTERPRETED IN THE SAME MANNER AS THE PROHIBITION ON POLITICAL**
22 **CAMPAIGN ACTIVITY UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE WAS**
23 **INTERPRETED AND APPLIED BY THE INTERNAL REVENUE SERVICE AS OF JANUARY**
24 **19, 2025.**

25 **(4) IF A REVOCATION OF A CHARITABLE ORGANIZATION’S**
26 **TAX-EXEMPT STATUS IS ORDERED IN ACCORDANCE WITH § 6–623(F) OF THE**
27 **BUSINESS REGULATION ARTICLE, THE CHARITABLE ORGANIZATION DOES NOT**
28 **QUALIFY FOR THE PROPERTY TAX EXEMPTION UNDER THIS SECTION UNTIL:**

29 **(I) THE TIME OF THE REVOCATION ELAPSES AS REQUIRED; OR**

30 **(II) THE SECRETARY OF STATE OR THE ATTORNEY GENERAL**
31 **ENTERS INTO A SETTLEMENT AGREEMENT UNDER § 6–205(B)(1) OF THE BUSINESS**
32 **REGULATION ARTICLE WITH THE CHARITABLE ORGANIZATION.**

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

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

6 (a) In this section, “Johnson Amendment” means the provision contained in §
7 501(c)(3) of the Internal Revenue Code that prohibits a federally tax-exempt entity from
8 participating in or intervening in any political campaign on behalf of or in opposition to a
9 candidate for public office, including through publication or distribution of statements, as
10 that provision was interpreted and applied by the Internal Revenue Service as of January
11 19, 2025.

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

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

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

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

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