

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 656
Ways and Means

(Delegate R. Long, *et al.*)

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

This bill requires the Comptroller and the Director of the State Department of Assessments and Taxation (SDAT) to jointly determine, on a regular basis, if any nonprofit organization in the State has been found to be a terrorist-supporting organization. If such a determination is made, in any of the three immediately preceding taxable years, the nonprofit organization's tax-exempt status with respect to the income tax, sales and use tax, and certain property tax exemptions must be revoked. The bill provides for the: (1) determination to revoke an organization's tax-exempt status; (2) notification of revocation to the organization; (3) appeal of the determination to revoke tax-exempt status to the Maryland Tax Court; and (4) reinstatement of the tax-exempt status. The Comptroller and the SDAT Director must adopt regulations to carry out the provisions of the bill. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: None. The bill's requirements can be handled with the existing resources of the Comptroller's Office and SDAT.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Qualified nonprofit organizations are generally exempt from federal and State income tax. In addition, there are numerous exemptions from the State sales and use

tax, including sales to and by specified nonprofit charitable, educational, or religious organizations.

Generally, State law exempts certain types of real property from property taxation such as government-owned, charitable, benevolent, educational, religious, veterans' organizations, fire companies, historical societies, and museums. SDAT is responsible for determining the property tax exemptions that are specified by law.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1192 of 2025.

Designated Cross File: None.

Information Source(s): Comptroller's Office; State Department of Assessments and Taxation; Department of Legislative Services

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sj/hlb

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