



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

January 22, 2025

Committee: Senate Budget & Taxation Committee

Bill: SB 127 – State Government - Grants and Contracts - Reimbursement of Indirect Costs

Position: Support

Reason for Position:

The Maryland Municipal League supports Senate Bill 127 to raise Maryland's minimum 'indirect cost' rate, commonly referred to as "overhead", from 10% to the new "de minimis" rate of 15% established last year in the OMD Uniform Guidance, and to link to any future OMB increases.

Maryland municipalities are often the recipient of state grants for various programs and projects. Recognizing that overhead costs are regularly in excess of 10% will help local government apply for more grants and reserve local general funds to provide other essential services.

By using the standard 'as set by' OMB, instead of adopting just the current 15% rate, these bills assure that future changes in federal regulations don't require repetitive legislative actions.

For these reasons the League respectfully requests that this committee provide Senate Bill 127 with a favorable report.

FOR MORE INFORMATION CONTACT:

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