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**House Bill 122 – STATE AID - NONPROFITS - STATUS**  
Government, Labor, and Elections Committee  
Tuesday, January 27, 2026

House Bill 122 is a simple, common-sense accountability measure. It ensures that **nonprofit organizations receiving taxpayer dollars are in basic legal and regulatory compliance.**

Under this bill, a State agency may not award State aid to a nonprofit unless that nonprofit:

- Is in good standing with the Internal Revenue Service
- Is current on federal, State, and local tax obligations
- Has an active charter on file with the Maryland Department of Assessments and Taxation
- And has filed required IRS Form 990s or personal property tax returns, when applicable

These are not new requirements. These are **existing legal obligations** that compliant nonprofits already meet every year. This bill simply says: *before taxpayer dollars are handed out, the State should verify that the recipient is following the law.*

Unfortunately, Maryland has a documented problem with nonprofit entities receiving public funds **despite lapses in compliance** — including expired charters, delinquent tax filings, or failure to submit required federal disclosures. When that happens, it undermines public trust and puts compliant nonprofits at a disadvantage.

House Bill 122 protects:

- **Taxpayers**, by ensuring public funds are not awarded to organizations operating outside the law.
- **Legitimate nonprofits**, who play by the rules and should not be competing with non-compliant entities for limited grant dollars.
- **State agencies**, by providing clear statutory directions and uniform standards.

This bill does **NOT** create new bureaucracy.

It does **NOT** penalize good actors.

And it does **NOT** restrict State aid based on ideology or mission.

It simply establishes a baseline: **if an organization wants taxpayer funding, it must be in good standing with the same authorities every other organization is required to follow.**

Accountability is not partisan. Transparency is not optional. And stewardship of public dollars is one of our core responsibilities as legislators.