



**BILL NO:** House Bill 122  
**TITLE:** State Aid - Nonprofits - Status  
**COMMITTEE:** Government, Labor and Elections  
**HEARING DATE:** January 27, 2026  
**POSITION:** UNFAVORABLE

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The Maryland Network Against Domestic Violence (MNADV) is the state domestic violence coalition that works to lead diverse community partners toward the common purpose of reducing the occurrence and impact of intimate partner violence. MNADV urges an unfavorable report for House Bill 122.

House Bill 122 would prohibit any state entity from providing financial aid to a nonprofit organization unless the group is in "good standing" and has submitted its most recent federal tax filings and state personal property returns. While the bill's stated goal is accountability, this bill would have a burdensome impact on nonprofits for several specific reasons.

The bill would cause an administrative burden for smaller nonprofits. They would not receive funding unless they were current with IRS Good Standing. This can be complex for smaller nonprofits. For example, the IRS Form 990 has to be filed for the most recent tax year, but very few 990's are filed immediately after the conclusion of the tax year. Also required in addition to the Form 990 is that the nonprofit "is in good standing with the Internal Revenue Service". What that means, what else it requires, particularly in 2026, is not specified. If a nonprofit falls out of "Good Standing" due to a simple processing delay at SDAT or a lost paper filing, their state funding could be legally barred from being released.

For "kitchen-table" nonprofits or those run primarily by volunteers, the administrative overhead required to ensure every local and state filing is perfectly synchronized with grant cycles can be a significant barrier to entry. The bill is a "one-size-fits-all" compliance standard that treats a neighborhood youth program the same as a massive hospital system.

We are also concerned about the risk of Immediate funding "freezes." The legislation is written as a strict prohibition: a grantor may not provide state aid unless these conditions are met. For nonprofits providing critical services (like emergency assistance for victims of domestic

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violence, food banks or shelters), even a temporary freeze in state aid while resolving a tax-status technicality could lead to a total shutdown of services.

Finally, House Bill 122 may discourage the state from funding newer, grassroots organizations that haven't yet built the robust back-office infrastructure needed to navigate Maryland's regulatory landscape.

For all of the above reasons, MNADV urges this committee to vote unfavorable on House Bill 122.