

HEARING DATE: January 27th, 2026

BILL NO: HB 122

COMMITTEE: Government, Labor, and Elections

POSITION: Letter of Information

FOR INFORMATION CONTACT: Andrew Wilson (443) 721-6789

TITLE: State Aid - Nonprofits - Status

BILL ANALYSIS:

HB122 stipulates that a grantor may not provide state aid to a nonprofit entity unless the nonprofit entity: 1. Is in good standing with the IRS; 2. Is current on any federal, state, or local tax obligations; 3. Has a current charter on file with SDAT; 4. If required, has filed for the most recent tax year - a. a form 990 with the IRS; or b. a personal property tax return with SDAT.

POSITION AND RATIONALE:

The Maryland Historical Trust (MHT) currently administers six different grant and loan programs that support the identification, protection and enhancement of Maryland's historical and cultural resources, awarding approximately \$11.5 million in grant funds annually. Nonprofit entities are eligible to apply for all of these programs.

MHT's preservation grant program regulation 34.04.01.03(16) includes foundations, governmental entities, or "other legal entities" in the definition "nonprofit organization" eligible to receive assistance from MHT. However, some of these entity types will be unable to meet the requirements of this legislation and would therefore be unable to access financial assistance from MHT should the bill proceed as written.

Specifically, government entities that don't have charters on file and don't register with SDAT would be ineligible. Certain out of state universities that are not required to register with SDAT because they are units of their state government would be ineligible. Certain churches that don't have charters on file or are not required by law to register with SDAT as well as certain types of trusts that are not required by law to register with SDAT would be excluded from receiving

assistance from MHT financial assistance programs due to the requirements of this bill. It is unclear if exclusion of these nonprofit entities from receiving state aid is the intent of the bill or an unanticipated consequence of the bill language.

MHT also notes that much of the information that the bill requires grantors to collect before awarding state aid to nonprofit entities is already collected and vetted by MHT for entities that are required to register with SDAT. However, the agency does not confirm that entities are current on federal or local tax obligations.