

HOUSE BILL 300

P2, P1

5lr0922
CF SB 127

By: **Delegate Kerr**

Introduced and read first time: January 9, 2025

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **State Government – Grants and Contracts – Reimbursement of Indirect Costs**

3 FOR the purpose of altering the rate at which certain nonprofit organizations receiving
4 State-funded grants or contracts may be reimbursed for indirect costs; and generally
5 relating to State-funded grants and contracts.

6 BY repealing and reenacting, with amendments,
7 Article – State Finance and Procurement
8 Section 2–208
9 Annotated Code of Maryland
10 (2021 Replacement Volume and 2024 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 That the Laws of Maryland read as follows:

13 **Article – State Finance and Procurement**

14 2–208.

15 (a) (1) In this section the following words have the meanings indicated.

16 (2) “Indirect costs” means any costs that would be considered to be indirect
17 costs under OMB Uniform Guidance.

18 (3) “Nonprofit organization” means an organization that is tax exempt
19 under § 501(c)(3), (4), or (6) of the Internal Revenue Code.

20 (4) “OMB Uniform Guidance” means the Uniform Administrative
21 Requirements, Cost Principles, and Audit Requirements for Federal Awards adopted by the
22 Office of Management and Budget in 2 C.F.R. 200 and any related guidance published by
23 the Office of Management and Budget.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) This section applies only to:

2 (i) a grant or contract awarded on or after October 1, 2018;

3 (ii) a multi-year grant or contract awarded before October 1, 2018,
4 if:

5 1. the grant or contract continues to be in effect on or after
6 October 1, 2018; and

7 2. funding for the grant or contract is required to be
8 authorized separately for each fiscal year; and

9 (iii) an extension or a renewal of a grant or contract if the extension
10 or renewal is awarded on or after July 1, 2019.

11 (2) This section applies whether or not the funds awarded through the
12 grant or contract are transferred directly by the State or through a third party to the
13 nonprofit organization.

14 (3) This section does not require the reimbursement of indirect costs
15 incurred under a multi-year grant or contract described under paragraph (1)(ii) of this
16 subsection during any fiscal year that begins before July 1, 2019.

17 (c) If a nonprofit organization is a direct recipient or subrecipient of a grant or
18 contract for the provision of services that is funded wholly with State funds or with a
19 combination of State and other nonfederal funds, the terms of the grant or contract shall
20 allow for reimbursement of indirect costs:

21 (1) at the same rate the nonprofit organization has negotiated and
22 received:

23 (i) for indirect costs under a direct federal award; or

24 (ii) from a nonfederal entity based on the cost principles in Subpart
25 E of OMB Uniform Guidance; or

26 (2) if the nonprofit organization has not negotiated and received an indirect
27 cost rate described in item (1) of this subsection, at a rate [of at least 10%] **EQUAL TO THE**
28 **DE MINIMIS RATE ESTABLISHED IN SUBPART E OF OMB UNIFORM GUIDANCE** of the
29 costs that would be considered modified total direct costs under OMB Uniform Guidance.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2025.