

# HOUSE BILL 1192

Q3, Q4, Q1

5lr2441

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By: **Delegates R. Long, Buckel, Hornberger, and Pippy**

Introduced and read first time: February 6, 2025

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income, Sales and Use, and Property Taxes – Rescission of Exempt Status for**  
3 **Nonprofit Organizations for Supporting Terrorist Organizations**

4 FOR the purpose of requiring, as practicable, the Comptroller and the Director of the State  
5 Department of Assessments and Taxation to jointly determine on a regular basis  
6 whether a certain nonprofit organization in the State has been found to be a certain  
7 terrorist-supporting organization; requiring that the Comptroller and the Director  
8 rescind a terrorist-supporting organization's tax-exempt status with respect to  
9 certain Maryland income tax, sales and use tax, and property tax exemptions;  
10 establishing procedures for the rescission and reinstatement of a nonprofit  
11 organization's tax-exempt status under this Act; and generally relating to the  
12 tax-exempt status of nonprofit organizations who support terrorist organizations.

13 BY adding to

14 Article – Tax – General

15 Section 2–120

16 Annotated Code of Maryland

17 (2022 Replacement Volume and 2024 Supplement)

18 BY adding to

19 Article – Tax – Property

20 Section 7–111

21 Annotated Code of Maryland

22 (2019 Replacement Volume and 2024 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

24 That the Laws of Maryland read as follows:

25 **Article – Tax – General**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **2-120.**

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
3 INDICATED.

4 (2) "DIRECTOR" MEANS THE DIRECTOR OF THE STATE DEPARTMENT  
5 OF ASSESSMENTS AND TAXATION.

6 (3) "MATERIAL SUPPORT OR RESOURCES" HAS THE MEANING  
7 STATED IN 18 U.S.C. 2339A.

8 (4) "NONPROFIT ORGANIZATION" MEANS A BUSINESS ENTITY THAT:

9 (I) IS EXEMPT FROM FEDERAL INCOME TAXES UNDER § 501 OF  
10 THE INTERNAL REVENUE CODE; AND

11 (II) HAS BEEN GRANTED:

12 1. AN INCOME TAX EXEMPTION UNDER § 10-104 OF THIS  
13 ARTICLE;

14 2. A SALES AND USE TAX EXEMPTION UNDER § 11-204 OF  
15 THIS ARTICLE; OR

16 3. A PROPERTY TAX EXEMPTION UNDER § 7-202 OR §  
17 7-204 OF THE TAX - PROPERTY ARTICLE.

18 (5) "TERRORIST-SUPPORTING ORGANIZATION" MEANS A NONPROFIT  
19 ORGANIZATION OR AN AGENT OF THE NONPROFIT ORGANIZATION THAT HAS BEEN  
20 FOUND BY A FEDERAL AGENCY TO BE IN VIOLATION OF 18 U.S.C. § 2339A OR §  
21 2339B FOR PROVIDING MATERIAL SUPPORT OR RESOURCES TO AN ORGANIZATION  
22 DESIGNATED AS A TERRORIST ORGANIZATION BY THE U.S. SECRETARY OF STATE  
23 OR UNDER § 501(P) OF THE INTERNAL REVENUE CODE.

24 (B) THE COMPTROLLER AND DIRECTOR JOINTLY SHALL, AS PRACTICABLE,  
25 DETERMINE ON A REGULAR BASIS WHETHER ANY NONPROFIT ORGANIZATION IN THE  
26 STATE HAS BEEN FOUND TO BE A TERRORIST-SUPPORTING ORGANIZATION.

27 (C) SUBJECT TO SUBSECTIONS (D) THROUGH (F) OF THIS SECTION, IF THE  
28 COMPTROLLER AND DIRECTOR DETERMINE THAT A NONPROFIT ORGANIZATION IN  
29 THE STATE HAS BEEN FOUND TO BE A TERRORIST-SUPPORTING ORGANIZATION IN  
30 ANY OF THE 3 IMMEDIATELY PRECEDING TAXABLE YEARS, THE COMPTROLLER  
31 SHALL RESCIND THE NONPROFIT ORGANIZATION'S TAX-EXEMPT STATUS WITH

1 RESPECT TO THE INCOME TAX AND SALES AND USE TAX IMPOSED UNDER THIS  
2 ARTICLE.

3 (D) (1) BEFORE RESCINDING A NONPROFIT ORGANIZATION'S  
4 TAX-EXEMPT STATUS UNDER THIS SECTION, THE COMPTROLLER SHALL SEND  
5 NOTICE OF THE RESCISSION BY REGISTERED MAIL TO:

6 (I) THE NONPROFIT ORGANIZATION'S ADDRESS OF  
7 REGISTRATION IN THE STATE; AND

8 (II) IF APPLICABLE, THE ADDRESS ON THE MOST RECENTLY  
9 FILED INCOME TAX RETURN FOR THE NONPROFIT ORGANIZATION.

10 (2) THE NOTICE REQUIRED UNDER THIS SECTION SHALL INCLUDE  
11 ANY INFORMATION ON WHICH THE COMPTROLLER RELIED WHEN DECIDING TO  
12 RESCIND THE NONPROFIT ORGANIZATION'S TAX-EXEMPT STATUS.

13 (E) (1) A NONPROFIT ORGANIZATION THAT RECEIVES A NOTICE OF  
14 RESCISSION UNDER SUBSECTION (D) OF THIS SECTION SHALL HAVE 90 CALENDAR  
15 DAYS FROM THE DATE THE LAST NOTICE IS MAILED TO PROVIDE ANY INFORMATION  
16 AS MAY BE REQUIRED BY THE COMPTROLLER TO PREVENT THE RESCISSION.

17 (2) THE COMPTROLLER MAY WITHDRAW THE DECISION TO RESCIND  
18 BASED ON THE INFORMATION PROVIDED BY THE NONPROFIT ORGANIZATION UNDER  
19 PARAGRAPH (1) OF THIS SUBSECTION.

20 (F) (1) AFTER THE 90 DAYS UNDER SUBSECTION (E)(1) OF THIS SECTION  
21 LAPSE, THE RESCISSION SHALL BECOME EFFECTIVE UNLESS THE COMPTROLLER  
22 WITHDRAWS THE DECISION TO RESCIND IN ACCORDANCE WITH SUBSECTION (E)(2)  
23 OF THIS SECTION.

24 (2) THE COMPTROLLER SHALL PROMPTLY NOTIFY THE DIRECTOR  
25 WHEN ANY RESCISSION AUTHORIZED UNDER THIS SECTION BECOMES EFFECTIVE.

26 (3) THE COMPTROLLER MAY REINSTATE A NONPROFIT  
27 ORGANIZATION'S TAX-EXEMPT STATUS THAT HAS BEEN RESCINDED UNDER THIS  
28 SECTION ONLY IF:

29 (I) THE COMPTROLLER DETERMINES THE RESCISSION WAS  
30 ERRONEOUS;

1                   **(II) THE COMPTROLLER RECEIVES ATTESTATION FROM THE**  
2 **NONPROFIT ORGANIZATION UNDER PENALTY OF PERJURY THAT IT DID NOT**  
3 **RECEIVE THE NOTICE REQUIRED UNDER SUBSECTION (D) OF THIS SECTION; OR**

4                   **(III) BASED ON ANY OTHER NEWLY AVAILABLE INFORMATION**  
5 **AND IN ACCORDANCE WITH PROCEDURES ADOPTED BY THE COMPTROLLER, THE**  
6 **COMPTROLLER DETERMINES THE TAX-EXEMPT STATUS SHOULD BE REINSTATED.**

7           **(G) A NONPROFIT ORGANIZATION THAT HAS ITS TAX-EXEMPT STATUS**  
8 **RESCINDED UNDER THIS SECTION MAY APPEAL THE RESCISSION TO THE MARYLAND**  
9 **TAX COURT.**

10           **(H) THE COMPTROLLER AND DIRECTOR SHALL JOINTLY ADOPT**  
11 **REGULATIONS TO CARRY OUT THIS SECTION.**

12                                   **Article – Tax – Property**

13 **7-111.**

14           **(A) IN THIS SECTION, “NONPROFIT ORGANIZATION” HAS THE MEANING**  
15 **STATED IN § 2-120 OF THE TAX – GENERAL ARTICLE.**

16           **(B) IF THE DIRECTOR RECEIVES NOTICE THAT THE COMPTROLLER HAS**  
17 **RESCINDED A NONPROFIT ORGANIZATION’S TAX-EXEMPT STATUS IN ACCORDANCE**  
18 **WITH § 2-120 OF THE TAX – GENERAL ARTICLE, THE DIRECTOR SHALL RESCIND**  
19 **THE NONPROFIT ORGANIZATION’S TAX-EXEMPT STATUS WITH RESPECT TO ANY**  
20 **PROPERTY TAX EXEMPTION UNDER § 7-202 OR 7-204 OF THIS TITLE.**

21           **(C) THE DIRECTOR SHALL FOLLOW THE PROCEDURES SPECIFIED UNDER §**  
22 **2-120 OF THE TAX – GENERAL ARTICLE FOR IMPOSING AND WITHDRAWING A**  
23 **RESCISSION AND REINSTATING A NONPROFIT ORGANIZATION’S TAX-EXEMPT**  
24 **STATUS UNDER THIS SECTION.**

25           **(D) A NONPROFIT ORGANIZATION THAT HAS ITS TAX-EXEMPT STATUS**  
26 **RESCINDED UNDER THIS SECTION MAY APPEAL THE RESCISSION TO THE MARYLAND**  
27 **TAX COURT.**

28           **(E) THE DIRECTOR AND THE COMPTROLLER SHALL JOINTLY ADOPT**  
29 **REGULATIONS TO CARRY OUT THIS SECTION.**

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