

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 365
 Finance

(Senator Kagan, *et al.*)

Health and Government Operations

Department of Commerce – Nonprofit Organizations Navigator – Established

This emergency bill establishes a nonprofit organizations navigator within the Department of Commerce. Among other duties, the navigator must represent the interests and concerns of nonprofit organizations as a member of the Maryland Efficient Grant Application (MEGA) Council. The bill specifies the intent of the General Assembly that the navigator position be filled by July 1, 2025. The bill also repeals study, recommendation, and reporting requirements for the MEGA Council related to the designation of a State Grants Ombudsperson and establishes a new one-time reporting requirement for assistance provided by the navigator position in fiscal 2026. **Provisions establishing the navigator position terminate June 30, 2027.**

Fiscal Summary

State Effect: No effect in FY 2025, under the assumptions discussed below. General fund expenditures for Commerce increase by \$80,400 in FY 2026 and by \$69,800 in FY 2027 to hire a contractual nonprofit organizations navigator. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	80,400	69,800	0	0	0
Net Effect	(\$80,400)	(\$69,800)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Secretary of Commerce must designate a nonprofit organizations navigator within Commerce, who must:

- provide technical assistance to nonprofit organizations in obtaining access to and applying for State grant programs;
- work with nonprofit organizations and units of State government to resolve procedural complexities and delays in State grant-making processes;
- collect and share information on opportunities for federal, State, and local grants with nonprofit organizations; and
- represent the interests and concerns of nonprofit organizations as a member of the MEGA Council (through the termination date of the council).

However, the navigator may not provide services to a nonprofit organization in the State that provides a total annual compensation of more than \$250,000 to any single salaried employee.

By January 1, 2027, Commerce must report to the Senate Finance Committee and the House Health and Government Operations Committee on the following information for fiscal 2026: (1) the number of nonprofit organizations that received technical assistance; (2) the total number of grant applications completed and submitted as a result of receiving technical assistance; (3) the total amount of grant funds awarded to nonprofit organizations as a result of receiving technical assistance; and (4) any findings and recommendations regarding implementation of the bill's provisions establishing the navigator position. Commerce must collect sufficient information from the nonprofit organizations that receive technical assistance to complete the report.

Current Law: Chapters 484 and 485 of 2020 established the MEGA Council to study and make recommendations regarding the entire grants life cycle. Among other duties and as required by Chapters 28 and 29 of 2024, the council must study the feasibility, cost, and impacts of designating a State Grants Ombudsperson and, by July 1, 2025, make recommendations regarding the designation of an ombudsperson, including recommended timelines and deadlines, to the Department of Budget and Management (DBM). DBM must then report to the General Assembly on those MEGA Council recommendations by December 31, 2025.

Staffing responsibilities for the council are shared by its member agencies (which do not include Commerce). The council terminates June 30, 2029.

State Expenditures: The bill establishes a nonprofit organizations navigator position within Commerce and specifies the duties of the position. The bill authorizes the Secretary to designate the navigator, and Commerce has indicated its intent to create a new position. As the bill is of limited duration, this estimate assumes a contractual position is created and, consistent with the intent of the General Assembly, that the position is filled beginning July 1, 2025.

Accordingly, general fund expenditures for Commerce increase by \$80,428 in fiscal 2026. This estimate reflects the cost of hiring one nonprofit organizations navigator to assist nonprofits and otherwise carry out the specified duties of the position under the bill. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	1.0
Salary and Fringe Benefits	\$72,783
Operating Expenses	<u>7,645</u>
Total FY 2026 State Expenditures	\$80,428

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

Future year expenditures reflect a salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses and the termination of the position after fiscal 2027.

To the extent that the position is filled prior to July 1, 2025, general fund expenditures for Commerce increase in fiscal 2025 (reallocation of start-up costs, additional salary) and decrease in fiscal 2026 (reallocation of start-up costs).

Changes to reporting requirements for the MEGA Council are not anticipated to materially affect State expenditures.

Additional Comments: While nonprofits are not considered small businesses for purposes of fiscal and policy notes, some small nonprofits potentially benefit from the technical assistance and other services provided by the nonprofit organizations navigator under the bill.

Section 2 of the bill (elimination of the navigator’s membership on the MEGA Council) takes effect on the taking effect of the MEGA Council termination provision specified in Section 4 of Chapters 484 and 485 of 2020 (*i.e.*, June 30, 2029, as amended by Chapters 28 and 29 of 2024). However, Section 2 of the bill modifies provisions (the navigator position)

that will already be repealed under Section 6 of the bill after June 30, 2027. The discrepancy has no effect on the above analysis.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 541 (Delegate Guzzone, *et al.*) - Health and Government Operations.

Information Source(s): Department of Commerce; Department of Budget and Management; Department of Legislative Services

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