

HOUSE BILL 122

B1, Q7, C2

6lr1504

(PRE-FILED)

By: **Delegates Szeliga, Chisholm, Fisher, Grammer, M. Morgan, and Nawrocki**

Requested: October 30, 2025

Introduced and read first time: January 14, 2026

Assigned to: Government, Labor, and Elections

A BILL ENTITLED

1 AN ACT concerning

2 **State Aid – Nonprofits – Status**

3 FOR the purpose of prohibiting a unit of State government or other State entity that
4 provides State aid from providing State aid to a nonprofit entity unless the nonprofit
5 satisfies certain requirements; and generally relating to State aid and nonprofits.

6 BY adding to

7 Article – State Finance and Procurement

8 Section 7–407

9 Annotated Code of Maryland

10 (2021 Replacement Volume and 2025 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 **7–407.**

15 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
16 **INDICATED.**

17 **(2) “CHARTER” HAS THE MEANING STATED IN § 1–101 OF THE**
18 **CORPORATIONS AND ASSOCIATIONS ARTICLE.**

19 **(3) “GRANTOR” MEANS A UNIT OF STATE GOVERNMENT OR OTHER**
20 **STATE ENTITY THAT PROVIDES STATE AID TO A NONPROFIT ENTITY.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(4) "STATE AID"** MEANS A CONTRIBUTION, GRANT, OR SUBSIDY
2 PROVIDED THROUGH THE STATE OPERATING OR CAPITAL BUDGET OR BY THE
3 ACTION OF A UNIT OF STATE GOVERNMENT FROM STATE FUNDS APPROPRIATED TO
4 THAT UNIT.

5 **(B)** A GRANTOR MAY NOT PROVIDE STATE AID TO A NONPROFIT ENTITY
6 UNLESS THE NONPROFIT ENTITY:

7 **(1)** IS IN GOOD STANDING WITH THE INTERNAL REVENUE SERVICE;

8 **(2)** IS CURRENT ON ANY FEDERAL, STATE, OR LOCAL TAX
9 OBLIGATIONS;

10 **(3)** HAS A CURRENT CHARTER ON FILE WITH THE STATE
11 DEPARTMENT OF ASSESSMENTS AND TAXATION; AND

12 **(4)** IF REQUIRED, HAS FILED FOR THE MOST RECENT TAX YEAR:

13 **(I)** A FORM 990 WITH THE INTERNAL REVENUE SERVICE; OR

14 **(II)** A PERSONAL PROPERTY TAX RETURN WITH THE STATE
15 DEPARTMENT OF ASSESSMENTS AND TAXATION.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
17 1, 2026.