

SENATE BILL 1045

P2, P1

8lr1632
CF 8lr3915

By: **Senator Kagan**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 15, 2018

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of requiring that the terms of a certain grant or contract allow for
4 reimbursement of indirect costs at the same rate the nonprofit organization has
5 negotiated ~~to receive for certain reimbursement~~ and received for indirect costs under
6 a direct federal award or negotiated and received from a nonfederal entity based on
7 certain cost principles or, under certain circumstances, at a rate of at least a certain
8 percent of certain costs; providing for the application of this Act; defining certain
9 terms; and generally relating to State-funded grants and contracts.

10 BY adding to

11 Article – State Finance and Procurement

12 Section 2–208

13 Annotated Code of Maryland

14 (2015 Replacement Volume and 2017 Supplement)

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

16 That the Laws of Maryland read as follows:

17 **Article – State Finance and Procurement**

18 **2–208.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
20 INDICATED.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) “INDIRECT COSTS” MEANS ANY COSTS THAT WOULD BE
2 CONSIDERED TO BE INDIRECT COSTS UNDER ~~2 C.F.R. 200.414~~ OMB UNIFORM
3 GUIDANCE.

4 (3) “NONPROFIT ORGANIZATION” MEANS AN ORGANIZATION THAT IS
5 TAX EXEMPT UNDER § 501(C)(3), (4), OR (6) OF THE INTERNAL REVENUE CODE.

6 (4) “OMB UNIFORM GUIDANCE” MEANS THE UNIFORM
7 ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS
8 FOR FEDERAL AWARDS ADOPTED BY THE OFFICE OF MANAGEMENT AND BUDGET
9 IN 2 C.F.R. 200 AND ANY RELATED GUIDANCE PUBLISHED BY THE OFFICE OF
10 MANAGEMENT AND BUDGET.

11 (B) IF A NONPROFIT ORGANIZATION IS A DIRECT RECIPIENT OR
12 SUBRECIPIENT OF A GRANT OR CONTRACT FOR THE PROVISION OF SERVICES THAT
13 IS FUNDED EITHER PARTIALLY OR WHOLLY WITH STATE FUNDS OR WITH A
14 COMBINATION OF STATE AND OTHER NONFEDERAL FUNDS, THE TERMS OF THE
15 GRANT OR CONTRACT SHALL ALLOW FOR REIMBURSEMENT OF INDIRECT COSTS:

16 (1) AT THE SAME RATE THE NONPROFIT ORGANIZATION HAS
17 NEGOTIATED TO RECEIVE FOR REIMBURSEMENT OF AND RECEIVED:

18 (I) FOR INDIRECT COSTS UNDER A DIRECT FEDERAL AWARD;
19 OR

20 (II) FROM A NONFEDERAL ENTITY BASED ON THE COST
21 PRINCIPLES IN SUBPART E OF OMB UNIFORM GUIDANCE; OR

22 (2) IF THE NONPROFIT ORGANIZATION HAS NOT NEGOTIATED ~~A~~
23 FEDERAL REIMBURSEMENT AND RECEIVED AN INDIRECT COST RATE DESCRIBED IN
24 ITEM (1) OF THIS SUBSECTION, AT A RATE OF AT LEAST 10% OF THE COSTS THAT
25 WOULD BE CONSIDERED MODIFIED TOTAL DIRECT COSTS UNDER OMB UNIFORM
26 GUIDANCE.

27 (C) THIS SECTION APPLIES WHETHER OR NOT THE FUNDS AWARDED
28 THROUGH THE GRANT OR CONTRACT ARE TRANSFERRED DIRECTLY BY THE STATE
29 OR THROUGH A THIRD PARTY TO THE NONPROFIT ORGANIZATION.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2018.