

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 129  
Appropriations

(Delegate M. Morgan, *et al.*)

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Public Funding - Nonprofit Entities - Reporting

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This bill requires a nonprofit entity to report specified information to the Comptroller for any calendar year that the nonprofit entity receives at least 50% of its funding from: a grant from the State, a county, or a municipality; the State capital budget; local impact grants; or a charge for the use of a project that received funding from the aforementioned sources. The report must include the amount of funding received by the nonprofit, a description of the use of the funding, and any other information the Comptroller requires. By January 31 each year, the Comptroller must summarize the information and report on it to the General Assembly. **The bill takes effect July 1, 2026.**

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Fiscal Summary

**State Effect:** The bill’s requirements can be absorbed within existing budgeted resources for the Comptroller’s Office. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None. Nonprofit organizations are not considered small businesses.

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Analysis

**Current Law:**

*Reporting Requirements for State Aid Provided*

A “grantee” is a for-profit or nonprofit entity or association that receives State aid during a fiscal year and is not a unit of State or local government. A “grantor” is a unit of State

government or other State entity that provides State aid to a grantee. "State aid" is a contribution, grant, or subsidy of \$50,000 or more provided through the State operating or capital budget or by the action of a unit of State government from State funds appropriated to that unit. "State aid" does not include reimbursements to providers participating in a State program.

Grantors must submit a report to the Department of Budget and Management (DBM) by September 1 after each fiscal year they provide State aid to a grantee. The Department of Information Technology (DoIT), in consultation with DBM, must develop and operate a searchable web site, accessible to the public at no cost, which provides grantee report information in a specified format. The Office of Legislative Audits is authorized to conduct audits or reviews of grantees.

Grantor reports must contain the following information: the name, address, and zip code of each grantee that received State aid from the grantor during the previous fiscal year; the amount of any State aid provided to the grantee; and a description of the State aid provided to the grantee. The reports must be in a form and format that DBM determines after consulting with DoIT. The web site must provide specified information and be searchable by, at a minimum, the name or zip code of the grantee and the name of the grantor.

#### *Reporting Requirements for Social Organizations*

A "social organization" is an association or corporation that is operated for a charitable, cultural, educational, historical, humane, industrial, medical, or military purpose. "State aid" is a contribution, grant, or subsidy of money from the State Treasury.

Each social organization that, by statute, is to receive State aid must make an agreement with either the Comptroller or appropriate unit of State government that defines the purposes and terms of the State aid and requires the social organization to submit to the unit or Comptroller a report, generally by September 1 after the close of the fiscal year in which the social organization received the State aid, on the expenditure of the State aid. After receiving the report, the unit or the Comptroller must determine whether the social organization has spent and accounted for the State aid in accordance with the agreement and must give DBM and the Department of Legislative Services notice of any inconsistencies. The unit or the Comptroller may audit the social organization's financial records.

#### *Local Impact Grants*

From the video lottery terminal proceeds at each facility, generally 5.5% are distributed as local impact grants to local governments in which a video lottery facility is operating. The grants are distributed by the Division of Racing within the Maryland Department of Labor.

Generally, local impact grants must be used for infrastructure improvements; facilities; public safety; sanitation; economic and community development, including housing; and other public services and improvements primarily in the communities in immediate proximity to the video lottery facilities.

Anne Arundel, Howard, and Prince George's counties, and the City of Laurel must report to the Legislative Policy Committee (LPC) by December 31 of each year on the distribution of local impact grants, while Baltimore City must provide a quarterly report to LPC on the distribution of its funds. Prior to any local impact grant funds being expended, a county or municipality must develop, in consultation with the local development council, a multiyear plan for expending local impact grant funds.

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### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Department of Budget and Management; Department of General Services; Maryland State Lottery and Gaming Control Agency; Maryland Department of Labor; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2026  
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