

# Noteworthy Nonprofit Legislation

## National Nonprofit Caucus of State Legislators



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Nonprofits and state legislators have a great opportunity to partner on nonpartisan legislative priorities to provide more services, reduce government burdens, and create greater economic impact. The following are examples of state legislation to support nonprofit missions through government grants and contracting reform, charitable giving incentives, regulations, and tax and employment policies.

Government Grants and Contracting			
Payment, Costs, and Funding			
<b>California</b> Advanced Payments (2023)	Asm. Hart	<a href="#">A.B. 590</a> (Enacted)	Authorizes state agencies to advance payment of up to 25% of the total grant or contract amount awarded to a nonprofit. Learn more from the <a href="#">California Nonprofit Equity Initiative</a> .
<b>California</b> Nonprofit Fairness in Contracting Act (2023 – 2024)	<b>Asm. Rivas</b>	<a href="#">A.B. 885</a> (Pending)	Requires the state to pay nonprofit partners the full costs of delivering programs and services (including administrative costs, fair wages, and benefits) and encourages multi-year contracts and expedited contract renewals. Learn more from the <a href="#">California Nonprofit Equity Initiative</a> .
<b>California</b> Prompt Payment Act Extension (2024)	<b>Sen. Limon</b>	<a href="#">S.B. 1246</a> (Pending)	Extends the Prompt Payment Act to all state contracts with nonprofits; requires the agency to pay certain undisputed portions of a disputed invoice within 45 days; removes the eligibility cap on nonprofit contracts. Learn more from the <a href="#">California Nonprofit Equity Initiative</a> .
<b>District of Columbia</b> Nonprofit Reimbursement Fairness Act (2019)	Councilmembers Nadeau and Silverman	<a href="#">B23-0107</a> (Enacted)	Requires the District of Columbia to reimburse indirect costs for grants with nonprofits made with District funds.
<b>Maryland</b> Nonprofit, Interest- Free, Micro Bridge Loan (NIMBL) Fund (2017)	<b>Sen. Kagan</b>	<a href="#">S.B. 0465</a> (Enacted)	Expands the scope of the <a href="#">Maryland Nonprofit Development Center Program and Fund</a> to establish the Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account to provide bridge loans to qualifying nonprofit entities between the award date of a government contract and the actual receipt date of those awarded funds.
<b>Maryland</b> Costs and Reimbursements (2018)	<b>Sen. Kagan</b>	<a href="#">S.B. 1045</a> (Enacted)	Requires that certain grants and contracts made with state or local funds reimburse nonprofits for indirect costs at the nonprofit’s federally approved indirect cost rate if one exists, or at least 10% of modified total direct costs as defined in the OMB Uniform Guidance. See <a href="#">Maryland Nonprofits analysis</a> . Revised via <a href="#">S.B. 0017</a> in 2019.

For more information or to join the [National Nonprofit Caucus of State Legislators](#), contact Tiffany Carter at [tcarter@councilofnonprofits.org](mailto:tcarter@councilofnonprofits.org).

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<b>Maryland</b> Prompt Payments (2023)	<b>Sen. Kagan</b> Del. Kaiser	<a href="#">S.B. 112</a> <a href="#">H.B. 328</a> (Enacted)	Establishes invoicing and prompt payment requirements for specific state grants and requires grants to be paid within 37 days.
<b>New Jersey</b> Cost Rates and Reimbursement (2024)	<b>Asm. Lopez</b>	<a href="#">A.4692</a> (Pending)	Requires a <i>de minimis</i> cost rate of 15% for all government grants and contracts; prohibits governments from limiting reimbursements; requires a nonprofit document database; requires governments to review and adopt the OMB Uniform Guidance; authorizes common terminology; adjusts awards annually for inflation; requires automatic extension; prohibits unilateral changes by an agency; reduces redundant monitoring; applies interest penalties.
<b>General Reforms and Streamlining</b>			
<b>Illinois</b> Government Grants and Contracting Reform (2024)	Reps. Avelar (Rep. LaPointe co- sponsor) Sen. Halpin	<a href="#">H.B. 5064</a> <a href="#">S.B. 3457</a> (Pending)	Streamlines government grants and contracting processes; clarifies the Prompt Payment Act applies to all services, including by community-based organizations; sets deadlines for review, payment, and extensions; applies interest penalties; conforms single audit requirement to federal level; prohibits indirect costs lower than 20% of direct costs or federally negotiated rate, whichever is higher, unless the recipient prefers lower.
<b>Kentucky</b> Government Grants and Contracting Reform (2024)	Rep. McPherson	<a href="#">H.B. 777</a> (Did Not Pass)	Includes memorandums of agreement, program administration contracts, and personal service contracts as types of contracts for government grants and contracts; requires prompt payment policies and procedures for payments, reimbursement, and dispute resolution; applies interest penalties for late payments; requires notice of nonpayment within 25 days; makes loans, lines of credit, revolving credit, or other finances accrued and interest for nonpayment reimbursable. See <a href="#">Kentucky Nonprofit Network summary</a> .
<b>Kentucky</b> Grant Database (2024)	Rep. Laferty	<a href="#">H.B. 299</a> (Did Not Pass)	Establishes a database of all state grant opportunities and information; requires all agencies to report quarterly all grant opportunities currently available.
<b>Maryland</b> Common Applications (2020)	<b>Sen. Kagan</b>	<a href="#">S.B. 630</a> (Enacted)	Establishes the Maryland Efficient Grant Application Council to monitor, report, and make recommendations on state grants life cycles, applications, and recipients; requires regulations on a uniform grant application form, financial controls and reporting requirements, and performance progress reporting requirements that are consistent with the OMB Uniform Guidance to the greatest extent practicable.
<b>Mississippi</b> Accountability System (2023)	Rep. Bell	<a href="#">H.B. 842</a> (Did Not Pass)	Requires the Office of Workforce Development to partner with the Mississippi Alliance of Nonprofits and Philanthropy to create a plan to increase accountability, transparency, capacity, and information sharing for nonprofit grants and contracts.

<b>New York</b> Contract Registration Deadline (2024)	<b>Asm. Paulin</b> Sen. Mayer	<a href="#">A.2704B</a> <a href="#">S.4877A</a> (Pending)	Requires the state to register a contract or contract renewal with nonprofits within 30 days of the start date of the contract.
<b>Nonprofit Ombudsperson</b>			
<b>California</b> Nonprofit Liaison (2021 – 2022)	<b>Sen. Limon</b>	<a href="#">S.B. 543</a> (Vetoed)	Requires each state agency that does significant business with or has policies that affect nonprofits to have a designated nonprofit liaison to address nonprofit complaints, provide technical assistance on agency policy compliance, develop innovative contracting policies, and report nonprofit concerns to agency leadership. See the <a href="#">California Coalition on Government Contracting Letter</a> .
<b>Maine</b> Nonprofit Ombudsman (2023)	Sen. Baldacci	<a href="#">L.D. 1043</a> (Did Not Pass)	Creates an Office of Ombudsman to help nonprofits in their interactions with the government.
<b>Maryland</b> State Ombudsperson (2024)	<b>Sen. Kagan</b> <b>Del. Stein</b>	<a href="#">S.B. 0459</a> <a href="#">H.B. 0418</a> (Enacted)	Studies the creation of a State Ombudsperson to provide technical assistance with accessing and navigating state programs, resolve delays in the grant-making process, and collect and disseminate information on opportunities for federal, state, and local grants.
<b>New Jersey</b> Nonprofit Ombudsperson	<b>Asm. Lopez</b>	<a href="#">A.4695</a> (Pending)	Establishes a nonprofit ombudsperson to advocate on behalf of the sector, communicate and consult with nonprofits, provide technical assistance, investigate complaints from nonprofits regarding state agencies and assist in resolution, report concerns and recommendations, and develop innovative procurement and contracting practices.
<b>Task Forces</b>			
<b>Kentucky</b> Task Force to Improve Nonprofit and Government Contracts (2015)	Reps. Wuchner and Simpson	<a href="#">HCR 89</a> (Enacted)	Establishes a Task Force to bring together leaders of government and nonprofits to explore opportunities to streamline application, reporting and monitoring processes while maintaining a commitment to transparency, accountability and stewardship of funds - allowing them to become true partners in more effectively and efficiently addressing community needs. See <a href="#">Kentucky Nonprofit Network summary</a> .
<b>Illinois</b> Management Improvement Initiative Departmental Leadership Team (2011)	Repp. Rose Sen. Frerichs	<a href="#">H.B. 1488</a> (Enacted)	Establishes a Team to review contracts with community health and human service providers, eliminate unnecessary regulations, reporting, monitoring, compliance, auditing, certifications, licensing, and work processes, and review implement reciprocity and work processes across divisions and departments; requires the Team to examine all regulations, identify opportunities to improve accountability and reduce redundancies, develop performance measures, and report on operational improvements.

<b>Oregon</b> Modernizing Grant Funding Task Force (2023 – 2024)	Sen. Campos	<a href="#">S.B. 606</a> (Enacted)	Establishes a Task Force on Modernizing Grant Funding and Contracting to examine and make recommendations on the state’s granting and public procurement practices regarding wages, uniform applications, standard contracting language that permits flexibility, multiyear terms, sufficient reporting requirements, payment models that prioritize full cost recovery, and ongoing review.
<b>Charitable Giving Incentives</b>			
<b>Arizona</b> Non-Itemizer Deduction (2019)	Rep. Toma	<a href="#">HB 2757</a> (Enacted)	Establishes a non-itemizer deduction for up to 25% of a taxpayer’s charitable contributions.
<b>Arizona</b> Non-Itemizer Deduction (2021)	Sen. Mesnard	<a href="#">S.B. 1828</a> (Enacted)	Increases the cap on the non-itemizer deduction by the rate of inflation each year.
<b>Colorado</b> Non-Itemizer Deduction (2005)	Rep. Vigil Sen. Mitchell	<a href="#">HB 05-1125</a> (Enacted)	Allows taxpayers who take the standard deduction to annually deduct charitable contributions over \$500 on state taxes.
<b>Michigan</b> Food Donation Tax Credit (2023 – 2024)	Sen. Damoose	<a href="#">S.B. 128</a> (Pending)	Creates a 50% tax credit for a contribution of cash or food to shelters, food kitchens, food banks, or other entities; caps the credit at \$100 for singles and \$200 for couples and \$5,000 or 10% of the taxpayer’s liability, whichever is less, for a resident estate or trust.
<b>New Jersey</b> Charitable Tax Deduction (2020)	Asms. Murphy, <b>Lopez</b> , and Dancer Sens. Gopal	<a href="#">A.4183</a> <a href="#">S.3541</a> (Did Not Pass)	Provides gross income tax deduction for charitable contributions to certain New Jersey-based charitable organizations during the COVID-19 pandemic. See the <a href="#">NJ Center for Nonprofits</a> analysis.
<b>North Carolina</b> Non-Itemizer Tax Credit (2023 – 2024)	<b>Sens. Woodard</b> and Alexander	<a href="#">S.449</a> (Pending)	Creates a 25% state tax credit for charitable contributions for non-itemizers. See the <a href="#">North Carolina Center for Nonprofits analysis</a> .
<b>Rhode Island</b> Food Donation Tax Credit (2024)	Sen. Valverde	<a href="#">S.B. 2757</a> (Pending)	Creates a tax credit equal to 75% of the fair market value up to \$5,000 for food donations by qualified taxpayers to nonprofit organizations; creates a tax credit up to 50% of transportation costs up to \$5,000 for transportation costs of the qualified donated food item.
<b>Tax Policy</b>			
<b>Hawaii</b> General Excise Tax – Fundraising (2023)	Speaker Saiki Sen. Buenaventura <b>Sen. Keohokalole</b>	<a href="#">H.B. 798</a> <a href="#">S.B. 667</a> <a href="#">S.B. 950</a> (Did Not Pass)	Exempts fundraising income generated by a tax-exempt nonprofit organization from general excise tax.
<b>Kansas</b> Sales Tax Exemption (2024)	Committee on Taxation	<a href="#">H.B. 2685</a> (Did Not Pass)	Exempts from sales tax all purchases by any 501(c)(3) nonprofit in good standing.

<b>Maine</b> Sales Tax (2024)	Rep. Sachs	<a href="#">L.D. 2214</a> Sec. H-22 (Enacted)	Creates a sales tax exemption for sales to 501(c)(3) charitable nonprofits if the property or services sold are used primarily for the purpose for which the organization was organized.
<b>North Carolina</b> Nonprofit Sales (2023)	<b>Sen. Burgin</b> (co-sponsor <b>Sen. Woodard</b> )	<a href="#">S.397</a> (Did Not Pass)	Exempts from sales tax sales by certain 501(c)(3) nonprofits; exempts nonprofit events from gross receipts tax; clarifies that nonprofits are not required to collect and remit sales tax on ticket prices of fundraising events where entertainment is provided. See <a href="#">North Carolina Center for Nonprofits analysis</a> .
<b>Oklahoma</b> Nonprofit Sales (2023)	<b>Rep. Stark</b> Sen. Rader	<a href="#">H.B. 1568</a> (Did Not Pass)	Exempts sales of tangible personal property or services to any 501(c)(3) nonprofit in the state with gross revenues less than \$5 million; does not apply to alcohol or tobacco.
<b>Budget &amp; Spending</b>			
<b>Maryland</b> Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Program (2023)	<b>Sen. Kagan</b> Del. Forbes	<a href="#">S.B. 53</a> <a href="#">H.B. 84</a> (Enacted)	Requires an annual appropriation of \$1 million to the Nonprofit Interest-Free Micro Bridge Loan (NIMBL) Program Account; and repeals the connection of NIMBL funding to video lottery terminal gaming proceeds.
<b>Maryland</b> Green and Renewable Energy for Nonprofit Organizations Loan Program (2024)	<b>Sen. Kagan</b> Del. Charkoudian	<a href="#">S.B. 0169</a> <a href="#">H.B. 0660</a> (Did Not Pass)	Establishes the Green and Renewable Energy for Nonprofit Organizations Loan Program to provide funds for nonprofit organizations to purchase and install qualifying energy systems; and requests \$5 million to fund the loans.
<b>New Mexico</b> Well-Being Funds (2022)	<b>Sen. Ortiz y Pino</b>	<a href="#">S.J.R. 7</a> (Did Not Pass)	Creates a ballot measure for a constitutional amendment to permit the state or locality to provide assistance to advance community well-being with state funds or resources through a nonprofit corporation or cooperative corporation.
<b>New Mexico</b> Vibrant Communities Act (2022)	<b>Sen. Ortiz y Pino</b>	<a href="#">SB 393</a> (Did Not Pass)	Provides direct or indirect assistance to qualifying entities, including 501(c)(3) nonprofits, to assist sick and indigent residents, promote health and self-sufficiency, and community and economic development; permits projects to include acquisition of land, buildings or other infrastructure, public works improvements, and professional services contracts.
<b>Oregon</b> Disaster Relief Assistance Matching Fund (2023)	Rep. Evans	<a href="#">H.B. 3059</a> (Enacted)	Establishes the Oregon Disaster Response Assistance Matching Fund to issue grants to local governments to make matching contributions necessary to access federal aid or issue grants to assist or support disaster response efforts; and requires the Oregon Department of Emergency Management to provide technical assistance.

<p><b>Utah</b> Nonprofit Capacity Fund (2023)</p>	<p><b>Sen. Escamilla</b> Rep. Romero</p>	<p><a href="#"><u>S.B. 223</u></a> (Enacted)</p>	<p>Establishes the Nonprofit Capacity Fund to fund the Nonprofit Capacity Grant Program to provide grants to certain nonprofit support organizations; and permits taxpayers to contribute to the fund through their income tax returns.</p>
<b>Employment Policy</b>			
<p><b>North Carolina</b> Work and Save (2023)</p>	<p>Rep. Lowery (co-sponsor <b>Rep. Strickland</b>)</p>	<p><a href="#"><u>H.496</u></a> (Did Not Pass)</p>	<p>Establishes the North Carolina Small Business Retirement Savings Program, or “North Carolina Work and Save,” to create a voluntary, payroll deduction retirement savings program for covered employers, including nonprofits and small businesses, and permits employees to create and contribute to individual retirement accounts (IRAs).</p>
<p><b>Oregon</b> Student Hiring Program (2023)</p>	<p>Reps. Ruiz, Sosa, and Dembrow</p>	<p><a href="#"><u>H.B. 2802</u></a> (Enacted)</p>	<p>Establishes a pilot program to encourage eligible nonprofits to employ enrolled university students for up to 20 hours per week and pay them at least the state minimum wage in exchange for a 20% tuition reduction for the student and reimbursement to the nonprofits for the paid wages.</p>
<p><b>Rhode Island</b> Secure Choice Retirement Savings Program (2024)</p>	<p>Rep. Kallman Sen. Ruggiero</p>	<p><a href="#"><u>H.B. 7127</u></a> <a href="#"><u>S.B. 2045</u></a> (Enacted)</p>	<p>Allows retirement savings accumulated in individual accounts for eligible employees of eligible employers, including nonprofits, and their beneficiaries; requires eligible employers that do not offer a retirement savings program to have a payroll deposit retirement savings arrangement to allow employees to participate or offer a separate tax-qualified retirement plan; requires automatic enrollment unless the employee opts out.</p>
<b>Regulations &amp; Governance</b>			
<p><b>New Mexico</b> Anti-Donation Clause (2023)</p>	<p><b>Sen. Ortiz y Pino</b></p>	<p><a href="#"><u>S.J.R. 9</u></a> (Did Not Pass)</p>	<p>Proposes a constitutional amendment to revise the anti-donation clause to allow the state to provide assistance to private organizations for the purposes of disaster relief, making payments, promoting community well-being through grants to charitable organizations, establishing scholarship and loan programs including loan forgiveness, creating new job opportunities, expending funds or resources for essential services and accessibility, and supporting affordable housing.</p>
<p><b>North Carolina</b> Charitable Solicitation (2023)</p>	<p>Sens. <b>Moffitt, Woodard,</b> and Alexander</p>	<p><a href="#"><u>S.429</u></a> (Enacted)</p>	<p>Increases the threshold for charitable solicitation licenses from \$25,000 to \$50,000 in contributions per year for nonprofits that do not pay compensation to fundraisers; makes automatic extensions of charitable solicitation filings; permits extensions up to an additional 60 days; clarifies deadlines for charitable solicitation forms; and eliminates notarization requirements.</p>