

HB 461 – Written Support**House Appropriations Committee*****HB 461 – Maryland Higher Education Commission – Private Nonprofit
Institutions of Higher Education – Regulation
(Private Nonprofit Institutions of Higher Education Protection Act of 2019)*****February 21, 2019**

Testimony by:

Tina Bjarekull, President of MICUA

On behalf of Maryland’s independent colleges and universities, I submit this testimony in support of House Bill 461 – *Private Nonprofit Institutions of Higher Education Protection Act of 2019*. The legislation requires a private nonprofit institution of higher education operating in Maryland to be determined by the Internal Revenue Service to be a tax-deductible 501(C)(3) organization and legally authorized to operate as a nonprofit organization by each state in which it is physically located. In addition, the legislation prohibits a nonprofit institution of higher education from using its net earnings to benefit individuals.

The Maryland Higher Education Commission is required to review the 990 Reports of private nonprofit institutions of higher education operating in Maryland and determine if a “reportable incident” constitutes private inurement.

All MICUA member institutions are 501(C)(3) organizations legally authorized to operate in each state in which they are physically located and are prohibited by federal tax laws from using net earnings to benefit private individuals. Annually, the independent auditors of MICUA member institutions file 990 Reports with the IRS. These 990 Reports are publicly available.

This legislation will not materially impact the MICUA member institutions and is necessary to guard against potential abuses by nonprofit institutions of higher education that fail to adhere to federal tax laws.

MICUA urges a favorable Committee report on House Bill 461.