



Maryland

Maryland Capital Grants and Loans Program Booklet

Maryland Board of Public Works

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Overview

The Maryland Department of General Services (DGS) has delegated authority to administer capital grants and loans authorized as a Maryland Consolidated Capital Bond Loan (MCCBL) on behalf of the Maryland Board of Public Works.

DGS Capital Grants and Loans (CGL) division administers over 3,000 capital grants estimated at ~\$3 billion. The Maryland General Assembly and Governor approve approximately five hundred grants annually. CGL oversees complex administrative processes to distribute grant funds, including various collaborative functions with other State agencies.

Eligibility for DGS Grant Administration

To be eligible for the DGS grant administration process, the grantee organization must have an active authorized grant, be in good standing with the State of Maryland, and meet all applicable requirements. Grantee organizations that do not have an active authorized grant can request a Legislative Bond Initiative through the Department of Legislative Services (DLS).

A list of authorized Maryland Consolidated Capital Bond Loan (MCCBL) grants is available on the [DGS website](#).

How to Request a Legislative Bond Initiative:

Maryland Consolidated Capital Bond Loan (MCCBL) grants must be requested as a Legislative Bond Initiative (LBI) and sponsored by a State Senator, State Delegate, or the Office of the Governor. DGS does not authorize the MCCBL or PAYGO grants.

[Guidelines for the Submission of Legislative Bond Initiative Requests](#)

For more information on the submission of Legislative Bond Initiatives, please contact the Department of Legislative Services at LegislativeBondInitiative@mlis.state.md.us.

Grant Expirations

State law ([Section 8-128 of State Finance and Procurement Article of the Maryland Annotated Code](#)) provides that capital grant authorizations will expire under the following circumstances:

Two-Year Certification for Matching Funds

Grant recipients must certify matching funds within two years of the grant's authorization. Incremental certification of matching funds is prohibited unless the grant legislation provides otherwise. Failure to certify matching funds may result in the loss of grant funds.

If within 2 years after the date of authorization of State debt, evidence that a required matching fund will be provided has not been presented to the Board or no part of the project or program for which the enabling act authorized the State debt is under contract, and the Board has not encumbered money for any part of the project or program, the authorization terminates unless: the enabling act provides otherwise; or in an emergency, the Board unanimously grants a temporary exception for a period of 1 year.

Seven-Year Expiration

Except to the extent that the Board has encumbered money authorized by an enabling act for a State project or program, an authorization of State debt shall automatically terminate 7 years after the date of the authorization, unless:

1. the enabling act provides otherwise; or
2. in an emergency, the Board unanimously grants a temporary exception for 1 year.

Expiration Upon Abandonment of Project

Unless otherwise provided by the General Assembly, authorization for a capital grant will terminate no later than one year after the abandonment, completion, or acceptance of the project or program as determined by the BPW.

Minority Business & Veteran-Owned Small Business Enterprises

Grantees are encouraged to solicit State of Maryland Minority Business Enterprises (MBE) and Veteran-Owned Small Business Enterprises (VSBE).

Click this link to learn more about the [Minority Business Enterprise \(MBE\) Program](#).

Click this link to learn more about the [Veteran-Owned Small Business Enterprise \(VSBE\) Program](#).

Requirements Relating to Leadership or Mission

Effective July 1, 2022, under [Section 19-106 of the Business Regulation Article of the Maryland Annotated Code](#), certain entities may not qualify for a state benefit unless the entity is able to demonstrate:

1. Membership of underrepresented communities in the entity's board or executive leadership
2. Support for underrepresented communities in the entity's mission.

This requirement does not apply to an entity which:

1. Receives capital grant funding totaling less than \$1,000,000 in a single fiscal year
2. Is a sole proprietor
3. Is a limited liability company owned by a single member
4. Is a privately held company with family members comprising at least 75% of the company's shareholders

Additionally, under Title 24.01.07 of the Code of Maryland Regulations, grant proceeds may not be released to an entity unless the entity completes a Corporate Diversity Addendum form and submits it to the State Department of Assessments and Taxation with its Annual Report or provides an affidavit affirming that it is not required to submit the Corporate Diversity Addendum. Additional information can be found in [Section 19-106](#) and [Title 24.01.07](#) of the Code of Maryland Regulations.

Supporting documentation for matching fund requirements should be submitted with the grantee's Capital Grants Information Packet and can consist of:

POWER Apprenticeship Act

The Providing our Workers Education and Readiness (POWER) Apprenticeship Act (codified at [Section 17-6A-01, et. seq. of the State Finance and Procurement Article](#)) requires contractors and some subcontractors on grant-funded public work contracts to:

- Participate in an apprenticeship training program
- Make payments to a registered apprenticeship program or to an organization that operates registered programs for the purpose of supporting the programs
- Contribute to the State Apprenticeship Training Fund established under [Section 17-602 of the State Finance and Procurement Article](#)

The POWER Act applies to certain contracts that are \$500,000 or more and certain grants that are \$1 million or more. Additional information on the POWER Act can be found in [Section 17-6A-01](#) and [Section 17-602](#).

Financial Disclosure Requirements

Every business that enters into contracts, leases, or other agreements with the state during a calendar year in which the business is to receive \$200,000 or more shall, within 30 days of when the aggregate value of the contracts, leases or other agreements reaches \$200,000, file with the Maryland Secretary of State certain specified information ([State Finance & Procurement Article, Section 13-221 of the Annotated Code of Maryland](#)). Information regarding this requirement and a link to the Disclosure Form can be found here: <https://sos.maryland.gov/Pages/Public-Disclosure.aspx>. A copy of [Section 13-221](#) of State Finance & Procurement Article of the Maryland Annotated Code can be found in [Appendix C](#).

Changes to Grant Legislation (Prior Authorization Requests)

Occasionally, organizations may receive legislative authorization for capital grant funding but then discover that certain information in the authorizing language needs to be amended before approval. The capital budget bill typically includes language that allows grant funding to move forward despite technical differences in:

- The name of the grantee or the description of the project, provided that the proposed use of funds is consistent with the public purpose of the original appropriation
- The location of the project

If more substantive amendments are necessary, the organization must request a prior authorization to alter an authorization of state debt enacted during a prior session.

Amendments may include:

- Extending the time to present evidence of a matching fund
- Modifying the types of funds that can be used as a matching fund
- Modifying the amount of matching funds
- Extending the time to expend or encumber the funds
- Modifying the scope and/or purpose of the project
- Adding, removing, or modifying the grantee organization

For more information on prior authorizations, please contact the Department of Legislative Services at LegislativeBondInitiative@mlis.state.md.us.

DGS Grant Administration Process

Grantee organizations with an active authorized grant are eligible to complete the grant administration process through DGS. The DGS grant administration process has three phases: INTAKE, MANAGE, AND CLOSEOUT. There are various administrative steps within each phase. It is important to submit accurate information in all phases. During the process, grant-related information will be reviewed by other government entities with the authority to take action on grant submissions. These government entities include the Maryland Board of Public Works (BPW), the Comptroller of the Treasury, the Department of Budget and Management (DBM), the Maryland Historical Trust (MHT), the Office of State Procurement (OSP), and the Department of Legislative Services (DLS).

The INTAKE phase includes the initial grant intake process, drafting the grant agreement, legal sufficiency reviews, Board of Public Works meeting and approval, and fully executing the grant agreement.

The MANAGE phase includes contract eligibility requests, payment requests, site visits, and monitoring. This phase can be cyclical depending on the grant.

The CLOSEOUT phase is the formal process of closing a grant due to project completion or fully expending the grant funds.

Intake

Grant intake is completed electronically through the DGS grant management system, Submittable. Grantees with authorized grants are eligible to complete all grant-related submissions and requests.

Grantees (“the submitter”) must submit a request to activate the grant and accept the grant submission before submitting a grant intake form and other grant-related requests.

Click [here](#) to create a Submittable account and access the grantee self-service portal.

Grant Intake Form

The grant intake form requires the grantee (“the submitter”) to make certain representations regarding the grantee organization, grant project details, real property interest, and other related information. Additionally, grantees must submit multiple documents, including forms and letters that may require a signature.

Grantees may be required to submit one or more of the following during grant intake:

- Submittable Grant Intake Form
- Religious Purposes Affidavit
- Lobbying Affidavit
- Maryland Historical Trust (MHT) Review Letter
- Corporate Diversity Addendum
- Automated Clearing House Direct Deposit Registration
- Real Property Ownership Verification (Property lease or use agreements)

- Form W-9: Taxpayer Identification Number and Certification for the grantee organization, beneficiary, or contractor/vendor
- Employer Identification Number (EIN) for the grantee organization, beneficiary, or contractor/vendor
- Certificate of Insurance (COI)
- Match Certification Letter
- Grant Match Supporting Documentation
- Preliminary Settlement Sheet
- Property Appraisal
- Loan or mortgage commitment
- Contract of Sale

Forms and letter templates for grants are available for download on the [DGS website](#).

Grant Intake Tip: Utilize the [Grant Intake Readiness Checklist](#) to proactively prepare for grant intake submissions and other requests.

Certificate of Insurance (COI)

Property funded or improved using grant funds must be insured. The State must be listed as a loss payee, and the coverage must be in excess of the amount of the State's grant.

For Certificate of Insurance purposes, the State must be listed as:

State of Maryland
Department of General Services
301 W. Preston Street, Suite 703
Baltimore, MD 21201

Real Property Interest

DGS verifies real property interest during grant intake to ensure the grantee organization has the authority to improve the property using grant funds. This includes verifying the property address, owner(s), lease, use agreements, and any other applicable documents to verify ownership or authorized use. If the grantee, as listed in the grant legislation, does not own the project property, real property interest must be proven through a valid lease or use agreement.

The legal name and address of the property owner(s) must match the real property information on file with the Maryland Department of Assessments and Taxation (SDAT). This information must also match the grant legislation, grant intake form, Form W-9, lease, use agreements, and any other applicable documents used to verify property ownership or authorized use.

The grantee must select one of the following real property interests during grant intake:

- Grantee organization is the sole owner
- Grantee organization is a co-owner
- Grantee organization does not own the property but has an active, long-term lease of at least 15 years (must submit the legal name of the property owner and a copy of the active property lease)
- Grantee organization does not own the property but has an active, short-term lease of less than 15 years (must submit the legal name of the property owner, a copy of the active property lease, the property owner(s) EIN, and a signed and completed Form W-9 for the property owner. The property owner is required to sign the grant agreement as a beneficiary.)

- Grantee organization does not own or lease the project property (must submit a use agreement)
- Grantee organization does not own the property and will use grant funds to acquire (purchase) property (must submit a property appraisal no older than two years and proof of intent to acquire or purchase the property. The DGS Office of Real Estate (ORE) must review and approve the property appraisal. The appraisal review can take up to 30 business days.)

Use Agreement

The use agreement is a formal document that verifies the grantee organization's authority to improve the property using grant funds. It must identify the property owner, grantee organization, authorized use of the property, authorized improvements to the property under the grant, and any other applicable terms. The agreement must be dated and signed by all applicable parties.

Examples of use agreements include license agreements, right-of-entry, control and use agreements, Memorandum of Agreement (MOA), etc.

Proof of Intent to Purchase or Acquire Property

The proof of intent to purchase or acquire property verifies that the grantee organization has the authority to acquire the property through a sale or transfer. It must identify the property owner, grantee organization, acquisition type, payments, costs, and other applicable terms.

Examples of proof of intent include Board of Estimates Approval (the City of Baltimore ONLY), Letter of Approval from the County Executive, Letter of Approval from the Council, Preliminary Settlement Sheet, Purchase Sale Agreement, Memorandum of Agreement (MOA), Promissory Note, etc.

How Project Locations Are Identified in Grant Legislation

The grant legislation will identify a project location with a **specific** or **generalized** location.

- A **specific location** is identified as a specific building, address, or parcel of land, e.g., Joy Place Community Center or The Maryland History Museum.

Grant Legislation Example for a Specific Location:

"For the acquisition, planning, design, construction, repair, renovation, reconstruction, site improvement, and capital equipping of the Joy Place Apartments."

If the grant legislation identifies a specific location, the submitter must identify the project address and verify real property interest during the grant intake process. This process applies to all properties submitted under the authorized grant.

- A **generalized location** is identified as a broad area without a specific building or address e.g., Harbor Community Revitalization, North Avenue Business Corridor, etc.

Grant Legislation Example for a Generalized Location:

"For the acquisition, planning, design, construction, repair, renovation, reconstruction, site improvement, and capital equipping of the Hancock downtown area."

If the grant legislation identifies a generalized location, the submitter must identify at least one parcel of land within the generalized location listed in the grant legislation, e.g., 1700 Block Good Time Lane (Lot and Block). DGS will verify real property interest before grant funds are disbursed. This process applies to all properties submitted under the authorized grant.

Matching Grants

The grant legislation will identify any match requirements for the grant. The grantee organization must provide a signed match certification letter and supporting documentation proving that match requirements have been met or can be met during grant intake. No part of the grantee's matching fund may be provided, either directly or indirectly, from state funds, whether appropriated or unappropriated. This includes state-funded property acquisitions, state grants, or any other property obtained with state grant funds.

Two-Year Certification for Matching Funds

Grant recipients must certify matching funds within two years of the grant's authorization. Incremental certification of matching funds is prohibited unless the grant legislation provides otherwise. Failure to certify matching funds may result in the loss of grant funds.

Matching grant supporting documentation includes the following:

- Copies of invoices with proof of payment (e.g., corresponding canceled checks or ACH receipt)
- Bank statements showing cash on hand that meets the matching amount requirement
- A certified record of the county or municipality's approved appropriations (government only)
- Canceled checks/invoices showing expenditures made after the effective date of the grant authorization (unless the grant authorization permits the use of expenditures before the effective date of the authorization)
- Commitment letters from commercial lending institutions
- Bona fide loan agreements
- Agreement/commitment letters for federal or local government grants
- Commitment letters for foundation or private grants received (pledges are not acceptable)
- Statements for stocks, bonds, CDs, and other convertible-cash items (investments must be converted and proceeds spent before grant funds will be released)

Grant authorizations with a **"Soft Match"** may provide supporting documentation of real property and its value or in-kind contributions. The value of goods or services donated to the grantee organization may be counted toward your match if the goods or services contribute directly to your grant project.

The value of the real property may be counted toward your match if the property is:

- Titled to the grant recipient or to a landowner who agrees to sign the grant agreement as a beneficiary
- The property of which the capital project will be constructed
- Appraised and meets DGS's requirements (must submit a property appraisal no older than two years).

All other matching fund requirements are considered **"Hard Match"** requirements.

Grant Agreement

Upon meeting all grant intake requirements, a grant agreement detailing the specifics and terms of the grant will be drafted based on the needs identified during grant intake, including beneficiary requirements.

The Office of the Assistant Attorney General (AAG) for BPW must review grant agreements and packages for form and legal sufficiency. This process is external to DGS's administrative role and may result in modification to the grant agreement. If the AAG requires modifications, the grant agreement will return to the draft stage, and the updated agreement must be reviewed for form and legal sufficiency.

When the grant agreement is deemed legally sufficient, it will be sent to the grantee for signature. If the grantee declines to sign and requests modifications, the agreement will return to the draft stage. The updated agreement must be reviewed for form and legal sufficiency, and it will be resent to the grantee for signature. The grantee must submit a request for modification to the grant agreement.

Example grant agreements are available on the [DGS website](#).

Maryland Board of Public Works Approval

All grants must be approved by the Maryland Board of Public Works (BPW). Upon receiving the signed grant agreement from the grantee, **a request for BPW action will be submitted to the Office of State Procurement (OSP) and BPW Liaisons**. Once the BPW action request is approved, the grant will be scheduled for the next BPW meeting.

The grant can only be scheduled for a BPW meeting once it has been approved for action by OSP and BPW Liaisons. Note that the grantee's untimely submission of the signed grant agreement may impact BPW scheduling.

If you wish to speak in support or opposition to an item before BPW, please submit a [Personal Appearance Request](#).

Fully Executed Grant Agreement

A grant agreement is considered fully executed if it is signed by the grantee, approved by BPW, and signed by BPW's Executive Secretary. After BPW approves the grant, the grant agreement will be sent to BPW's Executive Secretary for final signature. Once the final signature is received, a copy of the fully executed grant agreement will be sent to the grantee.

Obtaining a fully executed grant agreement concludes the grant intake phase. The grant status will be accepted, and the grantee organization will move into the manage phase. Contract eligibility and payment requests will be available to the grantee in Submittable. Additional information regarding contract eligibility and payment requests can be found under Grant Fund Disbursements.

Manage

The manage phase consists of disbursement and monitoring activities related to the authorized grant. During this phase, DGS will review contracts and payments, process disbursements, and conduct site visits and audits.

Grant Fund Disbursement

Grant funds are eligible for disbursement once the grant agreement is fully executed. Grant fund disbursement is a two-step process that includes contract eligibility and payments. The State will only release grant funds for contracts and noncontractual purchases deemed eligible under the Capital Grants and Loans Program and the grant agreement. The grant agreement must be fully executed before contract eligibility and payment requests can be submitted. DGS must review and approve contract eligibility and payment requests before processing disbursements.

Contract Eligibility

Contract eligibility includes **contracts** and **noncontractual** purchases.

The Capital Grants and Loans Program considers a **contract** to be a formal and legally binding agreement for goods and services over a specified period of time. This includes change orders and contract amendments.

Contracts submitted for review must:

1. Be fully executed
2. Be on the contractor's letterhead
3. Note the grant number and project name
4. Be dated and signed by the grantee and the contractor
5. Include an itemized list of goods and services that details each item's cost and the total contract amount.

The Capital Grants and Loans Program considers a **noncontractual purchase** to be a grant-related good or service not bound or secured by a contract (e.g., a receipt of a flooring purchase from a hardware store). Noncontractual purchases (invoices or receipts) submitted for review must:

1. Note the grant number and project name
2. Specify goods and services purchased
3. Note "Approved" and be signed by the grantee

If grant funds are being used to acquire or purchase property, the grantee must submit a property appraisal no older than two years and proof of intent to acquire or purchase property. The DGS Office of Real Estate (ORE) must review and approve the appraisal, which may take up to 30 business days.

Submitting a Contract Eligibility Request

Grantees must submit a contract eligibility request. Upon review, the grantee will receive a contract eligibility letter stating the dollar amount of the contract eligible or ineligible for grant funding.

The contract eligibility request must include the following:

1. Contract Eligibility Request (Complete all required fields)
2. Completed and Signed Contract Eligibility Cover Sheet: The grantee affirms representations regarding the contractor selection process, the lack of debarment of the contractor, compliance with certain minority business enterprises, and the Providing Our Workers Education and Readiness (POWER) Apprenticeship Act.
3. Contract (Change orders or amendments) or Proof of Noncontractual Purchases
4. Approved Property Appraisal (If applicable)

Payments

Payments include **grantee reimbursement and direct vendor payments**. They must be associated with contracts or noncontractual purchases deemed eligible in a contract eligibility letter. The DGS Office of Fiscal Services processes disbursements for non-matching grants, while the Comptroller of the Treasury processes disbursements for matching grants.

The Capital Grants and Loans Program considers a **grantee reimbursement** to be a direct payment to the grantee for expenditures related to the grant project approved through a contract eligibility letter. Proof of payment must be submitted.

The Capital Grants and Loans Program considers a **direct vendor payment** to be a direct payment to a vendor or contractor completing work related to the grant project approved through a contract eligibility letter. Proof of goods and services received must be submitted.

The grantee must submit payment request letters to verify and confirm payments for all grants.

The payment request letter must:

1. Be on the grantee organization letterhead
2. Note the grant number and project name
3. Note the requested amount
4. Be signed by the grantee

Submitting a Payment Request for Non-Matching Grants

Grantees must submit a payment request. Upon review, the grantee will receive a confirmation letter of payment approval. The DGS Office of Fiscal Services will process the payment.

The payment request must include the following:

1. Payment Request (Complete all required fields)
2. Completed and Signed Payment Request Letter
3. Proof of Payment (e.g., paid invoice(s) accompanied by a copy of canceled check(s) (front and back), ACH receipt, etc.)
4. Grantee Organization's Complete and Signed Form W-9: Taxpayer Identification Number and Certification (If applicable)
5. Contractor's Complete and Signed Form W-9: Taxpayer Identification Number and Certification (If applicable)
6. Contractor/Vendor Invoice (If applicable)
7. Valid Contract Eligibility Letter

Submitting a Payment Request for Matching Grants

Grantees must submit payment requests for matching grants to:

Comptroller of the Treasury
Capital Grants Unit
Office of Administration and Finance
80 Calvert Street, Room 215
Annapolis, MD 21404
capital_grants@marylandtaxes.gov

The payment request must include the following:

1. Completed and Signed Payment Request Letter
2. Proof of Payment (e.g., paid invoice(s) accompanied by a copy of canceled check(s) (front and back), ACH receipt, etc.)
3. Grantee Organization's Complete and Signed Form W-9: Taxpayer Identification Number and Certification (If applicable)
4. Contractor's Complete and Signed Form W-9: Taxpayer Identification Number and Certification (If applicable)
5. Contractor/Vendor Invoice (If applicable)
6. Valid Contract Eligibility Letter
7. Match Certification Letter

Contract and Payment requests may be recurring and can be submitted multiple times. Their approval is dependent upon eligible contracts and available grant funds. If grantee organizations or contractors/vendors are approved for payment by DGS, the payment may be held by the Office of Fiscal Services or Comptroller of the Treasury if the organization is not in good standing.

Closeout

The closeout phase is the formal process of closing a grant due to project completion or fully expending the grant funds. When the grant-funded project is complete, the grantee must notify DGS by submitting a closeout report. The State will review financial records and may conduct a site visit.

Accessibility

The Maryland Department of General Services is committed to providing equal access to all individuals. If you need assistance using this site, please contact DGS.EEO@maryland.gov.