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**By: Delegates Brinkley, La Vay, Stull, Flanagan, Getty, Bonsack, Kittleman, Elliott, Poole, Cryor, Heller, Leopold, Bozman, Fry, Beck, Finifter, McKee, Donoghue, Rzepkowski, Ports, and Morgan**

Introduced and read first time: January 31, 1997

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Inheritance Tax - Exemption for Property that Passes to Public, Charitable, or Religious**  
3 **Organizations**

4 FOR the purpose of altering an exemption under the inheritance tax for the receipt of  
5 property that passes from a decedent to or for the use of certain organizations  
6 located in the State.

7 BY repealing and reenacting, with amendments,  
8 Article - Tax - General  
9 Section 7-203(e)  
10 Annotated Code of Maryland  
11 (1988 Volume and 1996 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Tax - General**

15 7-203.

16 (e) The inheritance tax does not apply to the receipt of property that passes from  
17 a decedent to or for the use of an organization [exempt from taxation under § 501(c)(3)]  
18 TO WHICH TRANSFERS ARE DEDUCTIBLE UNDER § 2055 of the Internal Revenue Code  
19 if the organization:

20 (1) is incorporated under the laws of this State;

21 (2) conducts a substantial part of all its activities in this State or in the  
22 District of Columbia; or

23 (3) has its principal place of business in a jurisdiction whose law:

24 (i) does not impose death taxes on the receipt of property that passes  
25 from a decedent to a beneficiary of this State [that is exempt from taxation under §  
26 501(c)(3)] TO WHICH TRANSFERS ARE DEDUCTIBLE UNDER § 2055 of the Internal  
27 Revenue Code; or

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1 (ii) contains a reciprocal exemption from death taxes similar to the  
2 exemption allowed in this subsection.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 October 1, 1997.