

fined not more than two thousand dollars (\$2,000.00) or be confined not more than six months in jail.

SEC. 2. *And be it further enacted, That this Act shall take effect July 1, 1971.*

Approved May 6, 1971.

CHAPTER 365
(Senate Bill 169)

AN ACT to add new Sections 445 to 450, inclusive, to Article 23 of the Annotated Code of Maryland (1970 Supplement), title "Corporations," to follow immediately after Section 444 thereof and to be under the new subtitle "~~Charitable Corporations,~~" "PRIVATE FOUNDATIONS," to regulate the activities of any corporation which is a private foundation as defined in Section 509 (a) of the Internal Revenue Code of 1954 by prohibiting self-dealing, retention of excess business holdings, improper investments and improper expenditures, and by requiring minimum annual distributions, all as defined and provided by Sections 4941 (d), 4943 (c), 4944, 4945 (d) and 4942 (a), respectively, of the Internal Revenue Code of 1954.

SECTION 1. *Be it enacted by the General Assembly of Maryland, That new Sections 445 through 450 be and they are hereby added to Article 23 of the Annotated Code of Maryland (1970 Supplement), title "Corporations," to follow immediately after Section 444 thereof, and to be under the new subtitle "~~Charitable Corporations,~~" "PRIVATE FOUNDATIONS," and to read as follows:*

~~Charitable Corporations~~ PRIVATE FOUNDATIONS

445.

No corporation which is a "private foundation" as defined in Section 509 (a) of the Internal Revenue Code of 1954, shall

(a) engage in any act of "self-dealing" (as defined in Section 4941 (d) of the Internal Revenue Code of 1954), which would give rise to any liability for the tax imposed by Section 4941 (a) of the Internal Revenue Code of 1954;

(b) retain any "excess business holdings" (as defined in Section 4943 (c) of the Internal Revenue Code of 1954), which would give rise to any liability for the tax imposed by Section 4943 (a) of the Internal Revenue Code of 1954;

(c) make any investment which would jeopardize the carrying out of any of its exempt purposes, within the meaning of Section 4944 of the Internal Revenue Code of 1954, so as to give rise to any liability for the tax imposed by Section 4944 (a) of the Internal Revenue Code of 1954; and