

hundred dollars of the clear value of any and all property having a taxable situs in this State, passing at the death of any resident or nonresident decedent, in trust or otherwise, to or for the use of any person or persons other than the father, mother, husband, wife, children, or lineal descendants of such decedent or any stepchild or stepparent of the decedent; and be it further provided that any person who is a spouse of a lineal descendant of the decedent, shall only be subject to a one percent tax on a single joint savings account which has less than two thousand dollars deposited therein. Provided, however, that nothing in this section shall apply to property passing to the State or to any county or city of the State by escheat or otherwise, or to moneys not in excess of five hundred dollars bequeathed for the perpetual upkeep of a grave or graves. And provided further that nothing in this section shall apply to property passing, in trust or otherwise, to or for the use of a corporation, trust or community chest, fund, or foundation, created or organized under the law of the United States or any state or territory or possession of the United States, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, including the encouragement of art and the prevention of cruelty to children or animals, if none of the purposes and no substantial part of the activities of which are carrying on propaganda or otherwise attempting to influence legislation and if no part of the net earnings of which inures to the benefit of any private shareholder or individual, and (i) if a substantial part of all of the activities and work of which are carried on in the State of Maryland or in the District of Columbia, or (ii) if it is a Maryland corporation, or (iii) if the law of such jurisdiction other than Maryland does not impose a legacy, inheritance, succession or death tax of any character in respect of property transferred to a similar eleemosynary beneficiary organized or existing under the law of the State of Maryland or provides for an exemption from such taxes on such transfers on a reciprocal basis. For the purposes of this section, the Montgomery County General Hospital, Incorporated, of Sandy Spring, Maryland, shall be construed to be a corporation of this State, organized and operated exclusively for charitable and educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

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(b) There shall be added to federal adjusted gross income: (1) interest or dividends, (less related expenses), on obligations or securities of any state or of a political subdivision or authority thereof (other