institutions and organizations when such tangible personal property is purchased for use in carrying on the work of such institutions and organizations, provided that the term "institution or organization" does not include the United States or any agency or instrumentality thereof; and

WHEREAS, The American Red Cross was exempt from the Maryland sales tax as recently as 1984, at which time departmental research into the organization's status suggested that its identity as a federal instrumentality took precedence over its nonprofit charitable status; and

WHEREAS, The American Red Cross, based on its unique characteristics, is more similar to nonprofit charitable organizations who qualify for the sales tax exemption and less similar to the United States Government and its instrumentalities and merits special consideration with regard to the State retail sales tax; now, therefore,

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

Article 81 - Revenue and Taxes

326.

The tax hereby levied does not apply to the following sales:

(i) (1) Sales to a nonprofit religious, charitable, or educational institution or organization or a volunteer fire company or department or volunteer ambulance company or rescue squad situated in this State when such tangible personal property is purchased for use in carrying on the work of such institution or organization[; provided that].

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AS USED IN THIS SUBSECTION the term "institution or organization" shall not include the United States of America or any agency or instrumentality thereof.

(II) AS USED IN THIS SUBSECTION, THE TERM "INSTITUTION OR ORGANIZATION" INCLUDES THE AMERICAN NATIONAL RED CROSS.

(3) (I) An institution or organization seeking to qualify for exemption under the terms of this subsection shall apply to the Comptroller for a certificate of exemption.

(II) A vendor may not recognize the exemption created by this subsection unless the purchaser possesses a valid certificate of exemption issued by the Comptroller.