

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1998.

Approved May 21, 1998.

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**CHAPTER 728**  
**(House Bill 1142)**

AN ACT concerning

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

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

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 7-203(e)

Annotated Code of Maryland

(1997 Replacement Volume)

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

**Article - Tax - General**

7-203.

(e) The inheritance tax does not apply to the receipt of property that passes from a decedent to or for the use of an organization THAT IS exempt from taxation under § 501(c)(3) of the Internal Revenue Code OR TO WHICH TRANSFERS ARE DEDUCTIBLE UNDER § 2055 OF THE INTERNAL REVENUE CODE if the organization:

- (1) is incorporated under the laws of this State;
- (2) conducts a substantial part of all its activities in this State or in the District of Columbia; or
- (3) has its principal place of business in a jurisdiction whose law:
  - (i) does not impose death taxes on the receipt of property that passes from a decedent to a beneficiary of this State that is exempt from taxation under § 501(c)(3) of the Internal Revenue Code OR TO WHICH TRANSFERS ARE DEDUCTIBLE UNDER § 2055 OF THE INTERNAL REVENUE CODE; or
  - (ii) contains a reciprocal exemption from death taxes similar to the exemption allowed in this subsection.