
January 15, 1917.
OPINION No. 623.

INHERITANCE TAX:
Charitable institutions located outside of the Territory are not exempt from the Territorial inheritance tax.

Henry C. Hapai, Esq.,
Registrar of Public Accounts,
Honolulu, T.H.

Dear Sir: I desire to confirm my oral opinion given you to the effect that Section 1324, R. L. 1915, exempting from the inheritance tax all property transferred to charitable or educational institutions does not apply to institutions without the Territory but to Territorial institutions only. As stated in the *Estate of Prime*, 136 N. Y. 347, 18 L. R. A. 713,

“We are of the opinion that the statute of a state granting powers and privileges to corporations must, in the absence of plain indication to the contrary, be held to apply only to corporations created by the state and over which it has the power of visitation and control. Such is the natural

interpretation of such legislation in the absence of a contrary intention appearing on the face of the act. The legislature, in such cases, is dealing with its own creations whose rights and obligations it may limit, define and control. . . . It is the policy of society to encourage benevolence and charity but it is not the proper function of the state to go outside of its own limits and devote its resources to support the cause of religion, education or missions for the benefit of mankind at large.”

The same doctrine was approved by the New Jersey and the New Hampshire courts in the cases of *Alfred University v. Hancock*, 69 N. J. Eq. 470 and *Carter v. Whitcomb*, 74 N. H. 482, 17 L. R. A. N. S. 733, respectively.

Yours very truly,

INGRAM M. STAINBACK,
Attorney General.