

(e) *The guardian of an infant or other incompetent person with respect to such infant's or other person's taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credit allowed, or if their gross income exceeds \$1000.*

(f) *Every corporation with respect to its taxable net income if in excess of \$1000, or if its gross income exceeds \$5000. The return in this case shall be sworn to by the president, vice-president or other principal officer, and by the treasurer or assistant treasurer.*

(g) *The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credit allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$1000), or if such taxpayer's gross income exceeds \$5000."*

Section 33. **Section repealed.**—That Laws 1933, Chapter 382, is hereby repealed.

Section 34. **Effective on passage.**—(a) This law shall take effect from and after its passage, but shall apply in computing taxes as follows:

(1) To the taxable year 1937 and all subsequent years of taxpayers reporting on a calendar year basis.

(2) To the taxable year ending during the calendar year 1937 of taxpayers reporting on a fiscal year basis, in which case the tax shall be computed as provided in Section 32-1 hereof; and to all subsequent taxable years of such taxpayers.

(3) To every taxable year commencing on or after January 1, 1937, of every other taxpayer.

(b) All provisions of Laws 1933, Chapter 405, as they existed prior to the passage of this Act, shall remain in full force and effect so far as necessary to preserve any liability for taxes, interest and penalties incurred prior to the passage of this Act.

Filed July 15, 1937, without approval.

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#### CHAPTER 50—H. F. No. 7

*An act to amend Mason's Minnesota Statutes of 1927, Section 2292, as amended by Laws 1935, Chapter 334, and Section 2293, sub-sections 2b and 2c (2), relating to inheritance, bequests, gifts and transfer taxes.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Rate of tax on inheritances.**—That Mason's Minnesota Statutes of 1927, Section 2293, subsection 2b, is hereby amended to read as follows:

"Subsection 2b. The foregoing rates in section 2a are for convenience termed the primary rates.

When the amount of the clear value of such property or interest exceed fifteen thousand dollars, the rates of tax upon such excess shall be as follows:

(1) Upon all in excess of fifteen thousand dollars and up to thirty thousand dollars, two times the primary rates.

(2) Upon all in excess of thirty thousand dollars and up to fifty thousand dollars, *three* times the primary rates.

(3) Upon all in excess of fifty thousand dollars and up to one hundred thousand dollars, *three and one-half* times the primary rates.

(4) Upon all in excess of one hundred thousand dollars and up to two hundred thousand dollars, four times the primary rates.

(5) Upon all in excess of two hundred thousand dollars and up to three hundred thousand dollars, *five* times the primary rates.

(6) Upon all in excess of three hundred thousand dollars and up to four hundred thousand dollars, *six* times the primary rates.

(7) Upon all in excess of four hundred thousand dollars and up to five hundred thousand dollars, *seven* times the primary rates.

(8) Upon all in excess of five hundred thousand dollars and up to six hundred thousand dollars, *eight* times the primary rates.

(9) Upon all in excess of six hundred thousand dollars and up to seven hundred thousand dollars, *nine* times the primary rates.

(10) Upon all in excess of seven hundred thousand dollars and up to nine hundred thousand dollars, *ten* times the primary rates.

(11) Upon all in excess of nine hundred thousand dollars and up to one million one hundred thousand dollars, *eleven* times the primary rates.

(12) Upon all in excess of one million one hundred thousand dollars, *twelve* times the primary rates.

"Provided the tax imposed hereby shall in no case exceed thirty-five per centum of the true and full value of the property transferred in excess of the applicable specific exemptions."

(b) By adding two new sections, to be known as Sections 2 and 3, to immediately follow Section 1, and to respectively read as follows:

Section 2. **Exemptions.**—That Mason's Minnesota Statutes of 1927, Section 2293, subsection 2c (2) be amended to read as follows:

"2c (2). Property of the clear value of \$10,000.00 transferred to the widow and to each child of the decedent or any legally adopted child who is a minor or dependent at the death of the decedent, shall be exempt.

*"Property of the clear value of \$5,000.00 transferred to husband of the decedent, an adult child or other lineal descendant of the decedent, any adult adopted child, or any child to whom the decedent for not less than (10) years prior to his death, stood in the mutually acknowledged relation of a parent; provided, however, such relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, shall be exempt."*

Section 3. **Tax on transfers of property.**—That Mason's Minnesota Statutes of 1927, Section 2292, as amended by Laws 1935, Chapter 334, be amended to read as follows:

"2292. A tax shall be and is hereby imposed upon any transfer of property, real, personal or mixed, or any interest therein, or income therefrom in trust or otherwise, to any person, association or corporation, except county, town or municipal corporation within the state, for strictly county, town or municipal purposes, in the following cases:

(1) When the transfer is by will or by the intestate laws of this state from any person dying possessed of the property while a resident of the state.

(2) When a transfer is by will or intestate law, of property within the state or within its jurisdiction and the decedent was a non-resident of the state at the time of his death.

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within this state, or within its jurisdiction by deed, grant, bargain, sale or gift, made in contemplation of the death of the grantor, vendor or donor, or intended to take effect in possession or enjoyment at or after such death.

(4) Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this act.

(5) Whenever any person or corporation shall exercise a power of appointment derived from any disposition of property made either

before or after the passage of this act, such appointment when made shall be deemed a transfer taxable under the provisions of this act in the same manner as though the property to which such appointment relates belonged absolutely to the donee of such power and had been bequeathed or devised by such donee by will; and whenever any person or corporation possessing such a power of appointment so derived shall omit or fail to exercise the same within the time provided therefor, in whole or in part a transfer taxable under the provisions of this act shall be deemed to take place to the extent of such omission or failure, in the same manner as though the persons or corporations thereby becoming entitled to the possession or enjoyment of the property to which such power related had succeeded thereto by a will of the donee of the power failing to exercise such power, taking effect at the time of such omission or failure.

(6) Whenever any property, real or personal, is held in the joint names of two or more persons, or is deposited in banks or in other institutions or depositories in the joint names of two or more persons and payable to either or the survivor, upon the death of one of such persons the right of the survivor or survivors, to the immediate ownership or possession and enjoyment of such property, shall be deemed a transfer and subject to the inheritance tax imposed by this act, except such part thereof as may be shown to have originally belonged to the survivor or survivors and never to have been received or acquired by them from the decedent for less than an adequate and full consideration in money or money's worth; in which case there shall be excepted only such part as is proportionate to the consideration furnished by the survivor or survivors. Where any property has been acquired by gift, bequest, devise, or inheritance, by the decedent and spouse, as joint tenants one-half of the value thereof shall be taxable. Provided, where property has been so acquired by the decedent and any other person or persons, as joint tenants, and their interests are not otherwise specified or fixed by law, the taxable portion shall be the value of a fractional part of said property to be determined by dividing the value of the property by the number of joint tenants.

Every tax imposed upon any property taxable under subdivision (6) of this act shall be a lien upon the interest of the deceased joint tenant until paid, and the survivor or survivors shall be personally liable for such tax to the extent of the value of such property. Such lien shall be limited to a period of ten years from the date of recording a copy of the death record of the deceased joint tenant.

The attorney general shall determine the inheritance tax, if any, under subdivision (6). When the tax is paid or if there is no tax, the attorney general shall make and deliver, to the surviving joint tenant, his certificate to that effect, and the said certificate may be recorded as other instruments affecting the title to real estate.

(7) *The proceeds of all life or accident insurance policies taken out by decedent and payable on account of his death in excess of \$32,500, receivable by named beneficiaries, shall be subject to the tax herein imposed, as follows:*

(a) *The proceeds of all such policies hereafter issued payable to named beneficiaries.*

(b) *The proceeds of all such policies now in force payable to named beneficiaries in which the insured has the right to change the beneficiary or under which he has cash surrender right.*

*Such proceeds in excess of \$32,500 shall be deemed a transfer within the meaning of that term as used in this act and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto. In the computation of the tax, the proceeds upon which no tax is imposed shall be credited as follows:*

1. *To the surviving spouse, the amount of such proceeds received by such spouse, not in excess, however, of \$32,500.*

2. *To each minor child of the decedent the amount of such proceeds received by such child, not in excess, however, of \$32,500, less the amount, if any, allowable to the surviving spouse.*

3. *To each adult child of the decedent the amount of such proceeds received by such child, not in excess, however, of \$32,500, less the amounts, if any, allowable to the surviving spouse and minor child or children of decedent.*

4. *To any other person, the amount of such proceeds received by such person, not in excess, however, of \$32,500, less the amount, if any, allowable to the surviving spouse and children of the decedent.*

*If the amount otherwise allowable to any class of persons, as aforesaid, together with the amounts allowable to prior classes, shall aggregate more than \$32,500, the difference between the aggregate of the amounts allowable to prior class or classes and \$32,500 shall be prorated among the members of such class in proportion to the amount of such proceeds received by each.*

*Every corporation, partnership, association, individual, order or society authorized to transact life, accident, fraternal, mutual benefit or death benefit insurance business which shall pay to any named beneficiary any insurance or death benefit upon the death of a resident of this state, shall give notice of such payment to the Attorney General within ten days from the date of such payment. Such notice shall be given on the forms prescribed by the Attorney General, and such notice shall set forth such information as the Attorney General shall prescribe.*

*In the event that there is no real estate in Minnesota in the estate of the insured and no petition for probate of the estate has been filed within 90 days after the death of the insured the Attorney General shall determine the inheritance tax.*

*The receipt of any such proceeds upon which no tax is imposed shall not affect the right to any exemption otherwise provided in this act."*

Sec. 4. **Who are affected.**—The increased rates provided hereby shall apply in the case of inheritances from all decedents dying after the approval of this act.

Approved July 15, 1937.

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CHAPTER 51—H. F. No. 14

*An act to amend Section 2199-1 Mason's Minnesota Statutes of 1927, to permit the payment of personal property taxes by persons holding a lien or encumbrance upon the personal property of the person assessed and giving them a lien therefor; making the non-payment of personal property taxes a default in liens and encumbrances upon the personal property of the person assessed; and providing for the enforcement of said liens.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. **Who may pay personal property taxes.**—Section 2199-1 Mason's Minnesota Statutes of 1927 is hereby amended to read as follows:

"Section 2199-1. The taxes assessed upon personal property, with lawful penalties, interest and costs, shall be a first and perpetual lien, superior and paramount to all other liens or encumbrances thereon, *except the vendor's interest in conditional sale contracts, whether prior or subsequent in point of time, upon all of the personal property then owned by the person assessed from and including May 1 in the year in which they are levied, until they are paid; provided such lien shall not continue on items of personal property sold at wholesale or retail in the ordinary course of business.*

*Immediately after distraining any personal property for taxes, whether under Section 2090 Mason's Minnesota Statutes of 1927, or Section 2199-2 Mason's Minnesota Statutes of 1927, the sheriff, in addition to all other notices now required by law, and before giving any such notices, shall give written notice of such distraint by registered mail to all persons holding a lien or encumbrance upon any of*