

ten notice to the Board of County Commissioners of its intention to fill such vacancy or vacancies unless the Board of County Commissioners shall act before the expiration of said fifteen day period. The members appointed immediately after this law goes into effect shall hold office from their appointment until the first Thursday after the first Monday in July, 1938."

Approved July 24, 1937.

CHAPTER 91—H. F. No. 81

An act relating to taxes upon incomes or annuities paid or reserved when a grantor has conveyed real estate to an educational institution in the state having or claiming to possess tax exemption privileges under grant of a territorial charter.

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

Section 1. **Tax upon annuities.**—Whenever real property shall be conveyed to any educational institution in the state which has or claims to possess the right or privilege of exemption from taxation under or by virtue of the provisions contained in a territorial charter where such property is not devoted to, and reasonably necessary for the accomplishment of, the educational purposes of such institution, if in connection with such conveyance, or in consideration thereof in whole or in part,

- (a) such real property is charged with the payment of; or
- (b) there is reserved to the grantor or to his or its nominees; or
- (c) the grantee shall be or become under obligations to pay; any sum by way of an annuity or income to such grantor or to his or its nominees, whether for life or for a term of years, there shall be levied and collected upon such payments a tax of 50 percent.

Section 2. **Definitions.**—For all purposes of this act, the word "person" shall be construed to include individuals, co-partnerships, associations, companies, and corporations.

Section 3. **Taxable situs of property.**—Such annuity or income shall have a taxable status in the assessment district wherein is located the real property conveyed under the terms and conditions set forth in Section 1 hereof; and the tax herein provided shall be a specific lien upon all and singular the amounts as they accrue, which are payable to any person entitled to receive income or annuity thereunder, and upon the right, title, estate, and interest of such person in and to the real property conveyed as aforesaid.

Section 4. To file annual report.—Every person to whom any such annuity or income payments are made or reserved, shall on or before the first day of February, 1938, and annually thereafter, on or before the first day of February of each year, make and file with the Minnesota Tax Commission, a report verified by the person making the same, setting forth the amount of income or annuity received by such person during the preceding calendar year and such other information as said commission may require.

Section 5. Educational institution to file report.—It shall be the duty of every such educational institution making any such annuity or income payment on or before the first day of February, 1938, and annually thereafter on the first day of February of each year, to make and file with the Minnesota Tax Commission a report covering the preceding calendar year verified by the oath of the officer making the same and setting forth,

1. the name and postoffice address of each person to whom such annuity or income is paid;
2. a legal description of every parcel of real estate conveyed to such institution in connection with the conveyance of which, or in consideration whereof, the grantee became obligated to pay any such annuity or income;
3. the amount of income or annuity paid on account of each tract of land separately; and
4. such other information as said commission may require.

Section 6. Tax commission to determine tax.—Upon the receipt by the Minnesota Tax Commission of the report provided for in Section 5 of this act, it shall determine from such information as it may possess or obtain, whether the same is correct or otherwise, and if found correct, said tax commission shall determine therefrom the amount of tax due from such income or annuity recipient, and shall enter the amount thereof in its records and shall make its certificate of taxes due thereon from such person, and on or before the first day of May of each year file the same with the state auditor and a duplicate thereof with the state treasurer; and the tax commission shall have power, in case it shall deem said report incorrect, to make its findings as to the amount of such taxes due after hearing upon notice to the person interested, and its findings shall have the same effect as the determination of the amount of such taxes upon a report made as hereinbefore provided.

Section 7. Penalties for non-payment.—If any person subject to the tax provided by this act shall fail to make the report provided for in Section 5 of this act, at the time and in the manner therein provided, there shall accrue upon the tax herein imposed a penalty

in an amount equal to ten percent of the tax so imposed to be added to and collected with such tax. The tax commission shall in such case determine the amount of the annuity or income paid or payable to such person, and shall fix the tax due thereon from such person together with such penalty, upon such information as it may possess or obtain and shall proceed as provided by law when such taxes are determined upon the sworn report of the person receiving such payment.

Section 8. Date of payment.—Such tax shall be due and payable to the state treasurer on the first day of June, 1938, and annually thereafter on the first day of June, and if not paid on or before that date, a penalty of ten percent shall immediately accrue thereon.

Section 9. Educational institutions to withhold tax.—Every educational institution making such income or annuity payments which are subject to tax hereunder and upon which the tax has not been paid, shall at the time the payments are made, withhold and deduct therefrom the amount of the tax due thereon, and shall pay the same to the state treasurer. Failure to withhold the tax and to make payment at the time and in the manner hereinbefore required shall render the educational institution liable for the amount of the tax with interest at the rate of 12% per annum from the time the tax should have been paid, to be recovered in an action by the attorney general for and in behalf of the state.

Section 10. Auditors to make draft.—On or before the tenth day of June in each year the state auditor shall make his draft upon the person delinquent in the payment of such tax for the amount of taxes and penalty, or penalties, due thereon, and place the same in the hands of the state treasurer for collection. The draft of the state auditor for the tax and penalties imposed by the foregoing provisions of this act shall be prima facie evidence in any court where proceedings may be brought for its enforcement that the amount therein stated is due from the person against whom the same is drawn.

Section 11. Treasurer to collect draft.—The state treasurer within ten days after the receipt of the draft mentioned in Section 10 of this act shall notify by mail the person designated therein of the amount thereof, and if not paid within thirty days after presentation shall deliver the same to the attorney general, whose duty it shall be to bring an action thereon in the district court of the county wherein is the taxable status of the annuity or income, for the amount of such draft together with interest and costs of the proceeding. Such tax shall draw interest at the rate of 12% per annum, commencing 30 days after the same falls due; and the judgment of the court when so obtained and properly docketed shall be a lien upon all right, title, and interest of the taxpayer to the land upon which such tax is a lien from the time the same is docketed; and said lien shall continue without limitation with interest at the rate of one percent per month and

the said property may be sold in satisfaction of such judgment in the manner provided by law.

Section 12. **Penalties for violation.**—Any person who for the purpose of evading the payment of the tax herein provided or any part thereof, makes any false return or report, shall in addition to the tax provided by this act, pay a penalty of 50 percent of the amount of said tax; and any person who shall knowingly make under oath any false report or return required by this act, shall be guilty of perjury, and upon conviction thereof shall be punished therefor as provided by law.

Section 13. **Tax commission to inspect books.**—All books, contracts, deeds, instruments, correspondence and memoranda relating to or used in connection with the conveyance of any real property as set forth in Section 1 of this act, shall upon request of the Minnesota Tax Commission be open to its inspection or examination. If any person shall neglect or refuse on request of the Minnesota Tax Commission access to the papers and books aforesaid, he shall be guilty of a misdemeanor and upon conviction thereof shall be punished therefor as provided by law.

Section 14. **Refundments.**—Out of the proceeds of the taxes imposed hereby, including penalties and interest, the Commission shall refund any tax erroneously paid or collected, and shall reimburse the revenue fund or any other fund of the state of its proper proportion of the expense of administering this act. The balance of the proceeds of any such taxes shall be paid to the county treasurer of the county wherein the annuity or income taxed has a taxable status, and shall by him be placed to the credit of the proper funds and distributed as in the case of general taxes collected.

Section 15. This act shall take effect and be in force from and after its passage.

Approved July 24, 1937.

CHAPTER 92—S. F. No. 26

An act to provide for Minnesota's participation in the observance and celebration of the one hundred and fiftieth anniversary of the adoption of the ordinance of 1787, and the establishment of the Northwest Territory, creating a commission having charge of such participation and appropriating money therefor.

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