

Subdivision 3. The *commissioner of taxation* shall also furnish forms for the reports to be made by such judge of probate, which shall correspond with the entries to be made in such book.

Subdivision 4. Each judge of probate, on determining a tax, shall immediately make a report to the *commissioner of taxation* upon the forms furnished by the *commissioner of taxation* containing all of the data and matters required to be entered in such book.

Subdivision 5. The register of deeds of each county shall, on the first day of January and July of each year, make reports in duplicate to the auditor of state and attorney general, containing a statement of any conveyance filed or recorded in his office of any property which appears to have been made or intended to take effect in possession or enjoyment after the death of the grantor or vendor with the name and place of residence of the vendor or vendee, and the description of the property transferred, as shown by such instrument. Such county official shall also furnish to either of said state officials, upon request, all information specifically requested as to any instruments of record in his office.

Sec. 11. **When effective.**—This act shall apply in the case of all persons whose deaths occur after its passage.

Approved April 20, 1943.

CHAPTER 505—H. F. No. 278.

(AMENDING SECTIONS 292.04; 292.05; 292.06; 292.07 AND 292.08
MINNESOTA STATUTES 1941.)

An act relating to gift taxes, amending Mason's Supplement 1940, Section 2394-73, paragraphs (a) and (b), Section 2394-74, subdivision (b), Sections 2394-75, 2394-76, and 2394-77.

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

Section 1. **Law amended—exemptions.**—Mason's Supplement 1940, Section 2394-73, Paragraph (a), is hereby amended to read as follows:

(a) Gifts to or for the use of the *United States of America or any state* or any political subdivision thereof for exclusively public purposes.

Sec. 2. **Law amended—exemptions.**—Mason's Supplement 1940, Section 2394-73, Paragraph (b), is hereby amended to read as follows:

(b) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated *within this state* for religious, charitable, scientific, literary, or educational purposes *exclusively, including the promotion of the arts, or, the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual.* *Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state.*

Sec. 3. **Law amended—exemptions.**—That Mason's Supplement 1940, Section 2394-74, subdivision (b) be amended so as to read as follows:

(b) The exemptions *provided* by this section shall be allowed once only with respect to gifts by the donor to the same donee; *provided, that where the relationship of the donee to the donor changes between gifts, the exemption allowed after the change shall be the exemption applicable at the date of gift to the extent that it exceeds any exemption deducted under this section from prior gifts.*

Sec. 4. **Law amended.**—That Mason's Supplement, 1940, Section 2394-75, be amended so as to read as follows:

2394-75. **Computation of tax.**—The tax shall be based on the aggregate sum of the gifts *made by the donor to the same donee* in excess of the applicable annual exemptions and specific exemption. *Net taxable gifts are here defined as the sum of gifts made by the donor to the same donee during any stated period of time in excess of the applicable annual exemptions and applicable specific exemption. For each calendar year the tax shall be an amount equal to the excess of (1) a tax, computed by applying the rates*

hereinafter set forth, to the net taxable gifts for such calendar year and for all preceding and calendar years, over (2) a tax computed in like manner for all preceding calendar years; *provided, that if the relationship of the donee to the donor changes between gifts, the tax on the gifts made subsequent to such change shall be computed as hereinbefore provided, but the rate shall be determined as follows: the primary rate shall be the rate applicable to the new relationship; the additional rate, as provided in Section 2394-76 (c), shall be the rate applicable to the amount obtained by adding the net taxable gifts made after the change of relationship to the net taxable gifts made before the change of relationship.*

Sec. 5. **Law amended.**—That Mason's Supplement 1940, Section 2394-76, be amended so as to read as follows:

2394-76. **Rates of tax.**—(a) in computing the tax imposed by this Act the schedule or rates specified in subdivisions (b) and (c) of this section shall apply.

(b) The rates on the net taxable gifts up to \$15,000.00 shall be (1) three-fourths per centum if the donee is a member of Class A donees; (2) one and one-eighth per centum if the donee is a member of Class B donees; (3) two and one-fourth per centum if the donee is a member of Class C donees; (4) three per centum if the donee is a member of Class D donees; and (5) three and three-fourths per centum if the donee is a member of Class E donees. The rates herein specified shall be known as the primary rates.

(c) The rates on such part of said net taxable gifts as exceeds \$15,000.00 and is not in excess of \$30,000.00 shall be two times the primary rates; on such part thereof as exceeds \$30,000.00 and is not in excess of \$50,000.00, three times the primary rate; on such part thereof as exceeds \$50,000.00 and is not in excess of \$100,000.00, three and one-half times the primary rate; on such part thereof as exceeds \$100,000.00 and is not in excess of \$200,000.00, four times the primary rate; and on such part thereof as exceeds \$200,000.00 and is not in excess of \$300,000.00, five times the primary rate; on such part thereof as exceeds \$300,000.00 and is not in excess of \$400,000.00, six times the primary rate; on such part thereof as exceeds \$400,000.00 and is not in excess of \$500,000.00, seven times the primary rate; on such part thereof as exceeds \$500,000.00 and is not in excess of \$600,000.00, eight times the primary rate; on such part thereof as exceeds \$600,000.00 and is not in excess of \$700,000.00, nine times the primary rate; on such part thereof as exceeds \$700,000.00 and is not in excess of \$900,000.00, ten times the primary rate; on such part thereof as exceeds \$900,000.00 and is not in excess of \$1,100,000.00, eleven times the

primary rates; and upon such part thereof as exceeds \$1,100,000.00, twelve times the primary rates.

(d) The tax shall, however, in no case exceed thirty-five per centum of the full and true value of the *net taxable* gifts. If the tax imposed herein is assessed against and attempted to be collected from the donee, the tax shall in no case exceed thirty-five per centum of the full and true value of the gift in excess of the applicable specific exemption after deducting therefrom any gift tax imposed by the United States Government if such federal tax was assessed against and collected from the donee.

(e) Class A donees shall include only the wife and lineal issue of the donor, an adopted child of the donor, and the lineal issue of any such adopted child. Class B donees shall include only the husband of the donor, lineal ancestors of the donor, any child of the donor to whom he or she has stood in the mutually acknowledged relation of parent for not less than 10 years prior to the making of the gift if such relationship began at or before such child's fifteenth birthday and was continuous for 10 years thereafter, and the lineal issue of such child. Class C donees shall include only a brother or sister of the donor, a descendent of such brother or sister, a wife or widow of a son of the donor, and the husband of a daughter of the donor. Class D donees shall include only the brother or sister of the father or mother of the donor, and a descendant of a brother or sister of the father or mother of the donor. Class E donees shall include all donees other than those includible in the foregoing classes.

Sec. 6. **Law amended.**—That Mason's Supplement 1940, Section 2394-77, be amended so as to read as follows:

2394-77. **Returns.**—(a) Every person making any gifts other than those exempted by Section 3 of this Act (§ 2394-73), during that part of the calendar year 1937 subsequent to the effective date of this Act, or during any subsequent calendar year, shall make a return thereof in duplicate to the *commissioner of taxation* of the State of Minnesota. Every return shall specifically set forth the property transferred by gift, the date of the gift, the value at the date of the gift of every item of property transferred by gift, the name and residence of each donee and the relationship of the donee to the donor, and, in the case of property transferred for less than an adequate consideration in money or money's worth, the character and value of the consideration received by the donor. The *commissioner of taxation* may also require such other information to be given on such return as may be necessary for the effective enforcement of this Act. The return shall be in such form as he may prescribe as necessary to compute the tax imposed by this Act, and shall be under oath of the person

making the return. *In the case of a donor dying without filing a required return the return shall be made on his behalf by his executor or administrator, if no representative is appointed in probate proceedings the return shall be filed by the donee; that of a person for whom or whose property a guardian has been appointed shall be made by the guardian of his person or his property or both; and that of a person employing any device to make gifts indirectly shall be made by him and by those in charge or in control of the agency or instrumentality through which such person is making gifts indirectly.*

(b) The returns required to be made under subdivision (a) of this section shall be filed with the *commissioner of taxation* on or before the *fifteenth* day of March of the calendar year immediately succeeding that for which the return is made.

(c) The *commissioner of taxation* may, whenever in his opinion good cause exists therefor, extend the time for filing any return required hereunder for not to exceed three months.

(d) The *commissioner of taxation* may, whenever necessary in his opinion to the effective enforcement of this Act, require donees to file a return of gifts received by them, and such return may require such donees to report such information as is necessary to the effective enforcement of this Act. Returns required hereunder shall be filed with the *commissioner of taxation* within 30 days after he has mailed notice and demand therefor to the last known address of the donee required to make such return.

Approved April 20, 1943.

CHAPTER 506—H. F. No. 325.

(AMENDING SECTION 368.39 MINNESOTA STATUTES 1941.)

An act relating to relief for certain towns in this state in which the value of property, which is exempt from taxation because taxes thereon are being paid into the state treasury under the provisions of the gross earnings tax law, exceeds \$2,000,000; amending Mason's Supplement 1940, Section 2087-5.

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

Section 1. **Law amended.**—Mason's Supplement 1940, Section 2087-5, is amended to read as follows:

2087-5. **Certain towns to receive special relief.**—Whenever the value of the property within the boundaries of the corporate