

duced subsequent to December 31, 1944, shall be subject to the increased rate provided by this act.

Sec. 2. **Repeal.** Laws 1943, Chapter 590, Section 2, is hereby repealed.

Approved April 21, 1945.

CHAPTER 449—H. F. No. 185

An act relating to taxes on and measured by net income and to exclude therefrom mustering-out payments received by members of the armed forces, amending Minnesota Statutes 1941, Section 290.08, as amended by Laws 1943, Chapter 656, Section 21, Subdivision 1.

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

Section 1. Minnesota Statutes 1941, Section 290.08, as amended by Laws 1943, Chapter 656, Section 21, Subdivision 1, is hereby amended to read as follows:

290.08. **Exemptions from gross income.** The following items shall not be included in gross income:

(1) The value of property acquired by gift, devise, bequest or inheritance, but the income from such property shall be included in gross income; the income received under a gift, devise, bequest or inheritance of a right to receive income shall also be included in gross income;

(2) Amounts received under a life insurance contract payable by reason of the death of the insured, whether in a single sum or in instalments; but the interest accruing after December 31, 1932, and paid by the insurer on any such amounts held by it after the death of the insured shall be included in gross income;

(3) Amounts received, other than those specified in clause (2), and other than amounts received as annuities, under a life insurance, or endowment contract; but, if such amounts when added to the amounts received under such contract before the taxable year (after deducting from the aggregate of amounts received such proportion as is represented by interest accrued prior to January 1, 1933) exceed the aggregate premiums or consideration paid, whether or not paid during

the taxable year, then the excess shall be included in gross income. Amounts received as an annuity under an annuity or endowment contract shall be included in gross income; except that there shall be excluded from gross income the excess of the amount received in the taxable year over an amount equal to three per cent of the aggregate premiums or consideration paid for such annuity, whether or not paid during the taxable year, until the aggregate amount excluded from gross income under the income tax laws of this state plus the amounts received prior to January 1, 1933 (after deducting such proportion of such aggregate amount and amounts received as is represented by interest accrued prior to January 1, 1933), in respect to such annuity equal the aggregate premiums or consideration paid for such annuity. The amount which a transferee for a valuable consideration of any such contract, or interest therein, shall be permitted to exclude from his gross income shall be the actual value of the consideration paid by him plus the amount of the premiums and other sums subsequently paid by him hereunder;

(4) Amounts received as compensation for personal injuries or sickness by the injured or sick taxpayer, whether received under accident or health insurance contracts, workmen's compensation acts, any plan maintained by employers for such purpose, or by way of damages received in any suit or by agreement; also amounts received as compensation for the death of any member of the taxpayer's family, whether received under insurance contracts, workmen's compensation acts, any plan maintained by employers for such purposes, or by way of damages received in a suit or by agreement; and amounts received under any arrangement entered into by the taxpayer to provide a fund specifically intended to defray the funeral expenses of himself or any member of his family. The words "compensation" and "damages," as used in this clause, shall include reimbursement for medical, hospital, and funeral expenses in connection with such sickness, injury, or death;

(5) Amounts received by any person from the United States or the State of Minnesota by way of a pension, public employee retirement benefit, social security benefit or railroad retirement benefit, family allotment, or other similar allowance;

(6) Interest upon obligations of the State of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(7) Interest upon obligations of the United States, its possessions, its agencies, or its instrumentalities, so far as immune from state taxation under federal law; provided, that salaries, wages, fees, commissions or other compensation received from the United States, its possessions, its agencies, or its instrumentalities shall be excluded from gross income for all taxable years ending prior to January 1, 1939; provided, that salaries, wages, fees, commissions, or other compensation received from the United States, its possessions, its agencies, or its instrumentalities for taxable years ending prior to January 1, 1939, shall be excluded only to the extent that salaries, wages, commissions, fees, and other compensation received from the State of Minnesota, its political or governmental subdivisions, its municipalities, or its governmental agencies or instrumentalities for that year are excluded from gross income under the federal revenue acts; provided, that salaries, wages, fees, commissions, or other compensation received from the United States, its possessions, its agencies, or its instrumentalities, by federal employees residing in "federal areas" shall be excluded from gross income for all taxable years ending prior to January 1, 1941;

(8) The rental value of the premises occupied by the taxpayer as his home, or for his business, except where the occupancy by such taxpayer of such premises for such purposes constitute in whole or in part the consideration received by him in connection with a transaction such that, had such consideration been received thereunder in cash or other property, the amount thereof would have been required, either in whole or in part, to be included in his gross income;

(9) The value of food and goods produced by the taxpayer and consumed or used by his immediate family;

(10) Amounts deducted from the wages or salaries of employees by employers under a voluntary or compulsory plan of unemployment insurance shall not be included in the gross income of such employees;

(11) The amounts distributed by cooperative buying, selling or producing associations, however organized, as patronage dividends shall not be included in the gross income of such associations;

(12) Clauses (3), (4), (9), and (10) shall not apply to corporations and clauses (6) and (7) shall not apply to corporations taxable under Section 290.02 or under Section 290.361.

(13) Income, other than rent, derived by a lessor of real property upon the termination of a lease, representing the value of such property attributable to buildings erected or other improvements made by the lessee.

(14) *Amounts received during the taxable year as mustering-out payments with respect to service in the military or naval forces of the United States or the United Nations.*

Sec. 2. **Application.** This amendment shall apply to all taxable years beginning after December 31, 1943.

Approved April 21, 1945.

CHAPTER 450—H. F. No. 238

An act relating to the levying of taxes; amending Minnesota Statutes 1941, Section 275.09, as amended by Laws 1943, Chapter 183, Section 1.

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

Section 1. Minnesota Statutes 1941, Section 275.09, as amended by Laws 1943, Chapter 183, Section 1, is amended to read as follows:

275.09. Rate of tax. There shall be levied annually on each dollar of taxable property, except such as is by law otherwise taxable; as assessed and entered on the tax lists, for the several purposes enumerated, taxes at the rates specified as follows:

1. For state purposes, such amount as may be levied by the legislature.

2. For county purposes, such amount as may be levied by the county board, the rate of which tax for general revenue purposes shall not exceed five mills, unless such maximum mill levy will not raise the sum of \$60,000 based upon the last preceding assessed valuation of such county, in which case the county board by unanimous vote may levy at such rate as will raise the amount levied by the board but not exceeding said sum of \$60,000, except that in any county now or hereafter having a population of not less than 65,000, nor more than 85,000, inhabitants, according to the last Federal census, and having not less than 35, nor more than 49, full or frac-