

used in connection with any project. *This section shall not apply to the deposit of any funds of an authority in any bank in which a member of an authority shall have an interest if such funds are deposited and protected in accordance with Minnesota Statutes 1949, Chapter 118.* If any commissioner or employee of an authority previously owned or controlled an interest, direct or indirect, in any property included or planned to be included in any project, or presently has such interest, he immediately shall disclose such interest in writing to the authority, and such disclosure shall be entered upon the minutes of the authority. Whoever violates any provision of this section shall be punished by a fine of not less than \$50 nor more than \$1,000, or by imprisonment for not more than three months, or both.

Approved April 20, 1951.

CHAPTER 569—H. F. No. 291

An act relating to a tax upon the sale of cigarettes and upon distributors thereof; amending Minnesota Statutes 1949, Sections 297.03, 297.05, Subdivision 2, and 297.11, Subdivision 5.

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

Section 1. Minnesota Statutes 1949, Section 297.03, is amended to read:

297.03. Payment, stamps on package. Subdivision 1. **Stamp put on by distributor; exception.** *Except as otherwise provided in this section* payment of the tax imposed by section 297.02 shall be evidenced by stamps affixed to each package. Before delivering, or causing to be delivered, any package to any person in this state, other than a licensed distributor, every distributor shall firmly affix to each package of cigarettes stamps in amounts equal to the tax on those cigarettes as provided for in section 297.02.

Subd. 2. **When put on.** The commissioner may require, in all cases where cigarettes are shipped into this state by any

licensed distributor from without this state, that the stamp shall be affixed to the package at the time the same enters this state.

Subd. 3. Section 6.22 superseded. The provisions of sections 297.01 to 297.14 prescribing the powers and duties of the commissioner with relation to stamps supersedes all the provisions of Minnesota Statutes 1945, Section 6.22, in conflict therewith.

Subd. 4. Stamps; design, printing. The commissioner shall adopt the design of the stamps and shall arrange for the printing thereof in such amounts and denominations as he deems necessary.

Subd. 5. Sale of stamps. The commissioner shall sell stamps to any person licensed as a distributor at a discount of four per cent from the face amount of the stamps. He shall not sell stamps to any other person.

Subd. 6. Tax meter machine used. The commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by him, which shall be provided by the distributor. He may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection require the furnishing of a corporate surety bond in a suitable amount to guarantee the payment of the tax.

Subd. 7. Licensed distributor's permit number. The commissioner shall assign a permit number to each person licensed as a distributor at the time of issuance of his first license, which shall be inscribed and printed upon all licenses issued to that distributor. If the commissioner determines that cancelation of the stamps is necessary for the enforcement of sections 297.01 to 297.14, the distributor shall use the permit number, in a manner prescribed by the commissioner, as the cancelation mark for the stamps affixed by him.

Subd. 8. Stamps, no resale or transfer. No distributor shall resell or transfer any stamps purchased by him from the commissioner. Any distributor who has on hand at the time of discontinuing the business of selling cigarettes any un-

canceled stamps may return them to the commissioner and receive a refund of the amount paid for the stamps. Stamps which have become mutilated or unfit for use, or are affixed to cigarettes being returned to the manufacturer, or are affixed to packages which, or the contents of which, have become damaged and unfit for sale, shall be replaced by the commissioner, upon application by the distributor owning the stamps or cigarettes if an investigation discloses that the stamps have not evidenced a taxable transaction, after compliance with rules, regulations, or orders of the commissioner designed to prevent use of the stamps replaced.

Subd. 9. Railroad or sleeping car company as a distributor. The commissioner may authorize any railroad or sleeping car company licensed as a distributor to sell cigarettes upon its cars without affixing stamps to the packages of same provided that monthly reports and payment of the tax due subject to the discount in subdivision 5 shall be made directly to the commissioner in the manner and under the terms provided for by him. Only one distributor's license need be obtained by each railroad or sleeping car company to permit it to sell cigarettes on any or all of its cars within the state.

Subd. 10. Distribution of free sample packages. *The commissioner may authorize any manufacturer to distribute in Minnesota free sample packages of not more than five cigarettes each without affixing stamps to said packages provided that monthly reports and payment of a tax at the same rates prescribed by section 297.02, subdivision 1, shall be made directly to the commissioner in the manner and under the terms provided for by him.*

Sec. 2. Minnesota Statutes 1949, Section 297.05, Subdivision 2, is amended to read:

297.05. Subd. 2. When presumption does not apply. This presumption shall not apply to:

(1) Cigarettes in the place of business or in the possession of a licensed distributor;

(2) Cigarettes in the possession of a common carrier or sleeping car company engaged in interstate commerce;

(3) Cigarettes held in a public warehouse of first destination in this state, subject to the provisions of and licensed

under Minnesota Statutes 1945, Chapter 231, as amended, in the unbroken, original shipping containers, subject to delivery or shipping instructions from the manufacturer or a distributor;

(4) Cigarettes in the possession of a person other than a distributor in quantities of 200 cigarettes or less, when those cigarettes have had the individual packages or seals thereof broken, and when they are intended for personal use by that person and not to be sold or offered for sale.

(5) *Sample packages of not more than five cigarettes each, in the possession of a representative of a manufacturer authorized pursuant to section 297.03, subdivision 10, to distribute such packages.*

Sec. 3. Minnesota Statutes 1949, Section 297.11, Subdivision 5, is amended to read:

297.11. Subd. 5. **Transporting unstamped packages prohibited; exceptions.** No person shall transport into, or receive, carry, or move from place to place in, this state any packages of cigarettes not stamped in accordance with the provisions of this act except in the course of interstate commerce, unless the cigarettes are moving from a public warehouse to a distributor upon orders from the manufacturer or distributor or from one distributor to another. This subdivision shall not apply to a person carrying for his own use not more than 200 cigarettes when those cigarettes have had the individual packages or seals thereof broken and are intended for personal use by that person and not to be sold or offered for sale.

Approved April 20, 1951.

CHAPTER 570—H. F. No. 294

An act relating to a tax upon the use or storage by consumers of cigarettes; amending Minnesota Statutes 1949, Sections 297.22, Subdivision 1, 297.26.

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