

an estate pending in the probate court for settlement that the intestate left surviving no spouse or kindred, notice of such fact and notice of all subsequent hearings in such estate shall be given to the attorney general forthwith.

Approved March 18, 1955.

CHAPTER 195—H. F. No. 403

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.12, Subdivision 2.

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

Section 1. Minnesota Statutes 1953, Section 290.12, Subdivision 2, is amended to read:

Subd. 2. **Adjustments.** In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the taxpayer during his ownership thereof, and for the gain or any part thereof realized from the sale, exchange or involuntary conversion of a residence where, by reason of the provisions of section 290.13, such gain or any part thereof is not recognized. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, *amortization*, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09(14), which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, *amortization*, or depletion actually sustained before such date. *In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this act, proper adjustment shall be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained.* In the case of stock the basis shall be diminished by the amount of tax-free distributions of capital received by the taxpayer in respect of such stock at any time during his ownership thereof. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it

was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor. The adjustments in case of a sale or other disposition of property received in a transaction of the kind specified in section 290.13, clause (1), and in the case of a transaction referred to in section 290.14, clause (7), shall include those which the taxpayer should have been required to make were he selling or otherwise disposing of the property exchanged, or sold, in any such transaction.

Sec. 2. Applicability. *The provisions of this chapter are applicable to all taxable years beginning after December 31, 1954.*

Approved March 18, 1955.

CHAPTER 196—H. F. No. 489

An act relating to the licensing of the sale of cigarettes upon cars of common carriers operating in the State of Minnesota; amending Minnesota Statutes 1953, Section 17.34.

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

Section 1. Minnesota Statutes 1953, Section 17.34 is amended to read:

17.34 Cigarettes, sale on railway cars. Subdivision 1. **License, issuance.** The commissioner of *taxation* may issue a license or permit to any railroad company, dining car company, or sleeping car company, or other common carrier, operating in this state, to sell cigarettes upon any club, parlor, dining, buffet, observation, cafe, lounge, or passenger car. Each such company applying for such license shall pay to the commissioner a fee of \$25.00 per annum. A duplicate of such license shall be posted in each such car in which cigarettes are sold. The license so granted shall govern and permit the sale of cigarettes in the state, or in any political subdivision thereof, in any club, parlor, dining, buffet, observation, cafe, lounge, or passenger car which is part of a train or which is about to become a part of a train then being operated or to be operated in this state. Such cigarettes are to be sold only to bona fide passengers or persons actually being transported.

Subd. 2. **Unlawful sale.** It shall be unlawful to sell, exchange, barter, dispose of, or give away, or keep for sale