

Section 1. Minnesota Statutes 1953, Section 412.321, Subdivision 2, is amended to read:

Subd. 2. **Vote on establishment.** No such public utility shall be constructed, purchased, or leased until the proposal to do so has been submitted to the voters at a regular or special election and been approved by *a majority of those voting on the proposition in the case of waterworks and by five-eighths of those voting on the proposition in other cases.* Such proposal shall state whether the public utility is to be constructed, purchased, or leased and the estimated cost or the maximum amount to be expended for that purpose. This proposal and a proposal to issue bonds to raise money therefor may be submitted either separately or as a single question. The proposal for the acquisition of the public utility may include authority for distribution only or for generation or production and distribution of a particular utility service or group of services. Approval of the voters shall be obtained under this section before a village purchasing gas or electricity wholesale and distributing it to consumers acquires facilities for the manufacture of gas or generation of electricity unless the voters have, within the two previous years, approved a proposal for both generation or production and distribution.

Approved March 30, 1955.

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#### CHAPTER 267—H. F. No. 638

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.16, Subdivision 9.*

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

Section 1. Minnesota Statutes 1953, Section 290.16, Subdivision 9, is amended to read:

Subd. 9. (1) For the purposes of this subdivision, the term "property used in the trade or business" means property used in the trade or business of a character which is subject to the allowance for depreciation provided in section 290.09(6), held for more than six months, and real property used in the trade or business, held for more than six months, which is not (A) property of a kind which would properly be includible in the inventory of the taxpayer if on hand at the close of the taxable year, or (B) property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business. *Such term also includes livestock, regard-*

*less of age, held by the taxpayer for draft, breeding or dairy purposes, and held by him for twelve months or more from the date of acquisition. Such term does not include poultry.*

(2) If, during the taxable year, the recognized gains upon sale or exchanges of property used in the trade or business, plus the recognized gains from the compulsory or involuntary conversion (as a result of destruction in whole or in part, theft or seizure, or an exercise of the power of requisition or condemnation or the threat or imminence thereof) of property used in the trade or business and capital assets held for more than six months into other property or money, exceed the recognized losses from such sales, exchanges, and conversions, such gains and losses shall be considered as gains and losses from sales or exchanges of capital assets held for more than six months. If such gains do not exceed such losses, such gains and losses shall not be considered as gains and losses from sales or exchanges of capital assets. For the purposes of this paragraph:

(A) In determining under this paragraph whether gains exceed losses, the gains and losses described therein shall be included only if and to the extent taken into account in computing net income, except that subdivisions 4 and 5 shall not apply.

(B) Losses upon the destruction, in whole or in part, theft or seizure, or requisition or condemnation of property used in the trade or business or capital assets held for more than six months shall be considered losses from a compulsory or involuntary conversion.

Gain from the sale or exchange of property, to the extent that the adjusted basis of such property is less than its adjusted basis without regard to the provisions of section 290.09 (12) (relating to amortization deduction), shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in this subdivision.

Approved March 30, 1955.

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CHAPTER 268—H. F. No. 687

[Coded]

*An act relating to the identification of unknown dead.*

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

Section 1. [390.25] Coroner to fingerprint unidenti-