

southeasterly of the above described 75 foot parallel line and southwesterly of the following described line:

Beginning at a point on the above described 75 foot line distant 100 feet northeasterly of its intersection with the northwesterly boundary of Trunk Highway No. 65 as the same was located on July 17, 1953, thence run southeasterly to a point on the northwesterly boundary of said Trunk Highway distant 100 feet northeasterly of said intersection;

Also except that part of the northerly 550 feet of said Government Lot lying easterly of a line run parallel with and distant 830 feet westerly of the north and south quarter line of said Section 24.

Approved February 17, 1955.

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#### CHAPTER 26—H. F. No. 139

*An act relating to game and fish; amending Minnesota Statutes 1953, Section 98.48, Subdivision 10, and Section 100.29, Subdivision 5.*

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

Section 1. Minnesota Statutes 1953, Section 98.48, Subdivision 10, is amended to read:

Subd. 10. The commissioner may issue special permits, without fee, to take animals on which the state pays a bounty from an airplane, or snowmobile.

Sec. 2. Minnesota Statutes 1953, Section 100.29, Subdivision 5, is amended to read:

Subd. 5. *Except as permitted by Section 98.48, Subdivision 10, it shall be unlawful to take any wild animal or discharge any firearms thereat from a motor vehicle or airplane, or snowmobile, or to transport any firearms except a pistol or revolver in a motor vehicle or airplane; or snowmobile, unless the same is unloaded in both barrels and magazine and contained in a gun case or unless unloaded and contained in the trunk of the car with the trunk door closed.*

Approved February 17, 1955.

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#### CHAPTER 27—H. F. No. 189

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.08.*

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

Section 1. Minnesota Statutes 1953, Section 290.08, is amended to read :

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. Amounts paid, credited, or to be distributed at intervals, under the terms of the gift, devise or inheritance, shall be included in gross income of the recipient to the extent paid, credited, or to be distributed out of 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 amount held by it after the death of the insured shall be included in gross income. This paragraph shall not apply with respect to so much of a payment under a life insurance, endowment, or annuity contract, or any interest therein, as is includible in gross income under section 290.072;

(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 percent 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 in-

terest 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. This paragraph shall not apply with respect to so much of a payment under a life insurance, endowment, or annuity contract, or any interest therein, as is includible in gross income under section 390.072;

(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, including interest, received by any person from the United States or from the State of Minnesota or any of its political or governmental subdivisions, either as a refund of contributions to, or by way of payment as a pension, public employee retirement benefit, unemployment compensation benefit, social security benefit or railroad retirement or unemployment compensation 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, 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 constitutes 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 a lessee;

(14) The rental value of a *home* furnished to a minister of the gospel as part of his compensation; or *the rental allowance paid to him as part of his compensation, to the extent used by him to rent or provide a home.*

(15) 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.** *The provisions of this chapter*

*are applicable to all taxable years beginning after December 31, 1954.*

Approved February 17, 1955.

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CHAPTER 28—H. F. No. 190

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.078.*

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

Section 1. Minnesota Statutes 1953, Section 290.078, is amended to read :

**290.078 Restricted stock options.** Subdivision 1. If a share of stock is transferred to an individual pursuant to his exercise after 1950 of a restricted stock option, and no disposition of such share is made by him within two years from the date of the granting of the option nor within six months after the transfer of such share to him

(1) no income shall result at the time of the transfer of such share to the individual upon his exercise of the option with respect to such share;

(2) no deduction under section 290.09 shall be allowable at any time to the employer corporation of such individual or its parent or subsidiary corporation, *or a corporation issuing or assuming a stock option in a transaction to which subdivision 7 is applicable*, with respect to the share so transferred; and

(3) no amount other than the price *paid under the option* shall be considered as received by either of such corporations for the share so transferred.

This subdivision and subdivision 2 shall not apply unless (A) the individual, at the time he exercises the restricted stock option, is an employee of the corporation granting such option or of a parent or subsidiary corporation of such corporation, *or a corporation issuing or assuming a stock option in a transaction to which subdivision 7 is applicable*, or (B) the option is exercised by him within three months after the date he ceases to be an employee of any of such corporation.

Subd. 2. If no disposition of a share of stock acquired by an individual upon his exercise after 1950 of a restricted stock option is made by him within two years from the date of