

CHAPTER 412—H. F. No. 549

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.16, Subdivision 7.

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

Section 1. Minnesota Statutes 1953, Section 290.16, Subdivision 7, is amended to read:

Subd. 7. (1) For the purpose of this section, amounts received by the holder upon the retirement of bonds, debentures, notes or certificates or other evidences of indebtedness, *which are capital assets in the hands of the taxpayer, and which are issued by any corporation (including those issued by a government or political subdivision thereof), shall be considered as amounts received in exchange therefor (except that in the case of bonds or other evidences of indebtedness issued before January 1, 1955, this paragraph shall apply only to those issued with interest coupons or in registered form, or to those in such form on March 1, 1954).*

(2) (a) *Except as provided in subparagraph (b), upon sale or exchange of bonds or other evidences of indebtedness as described in paragraph (1), issued after December 31, 1954, held by the taxpayer more than six months, any gain realized which does not exceed an amount which bears the same ratio to the original issue discount (as defined in paragraph (3)) as the number of complete months that the bond or other evidences of indebtedness was held by the taxpayer bears to the number of complete months from the date of original issue to the date of maturity, shall be considered as gain from the sale or exchange of property which is not a capital asset. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held more than six months.*

(b) *Subparagraph (a) shall not apply to obligations the interest on which is not includible in gross income under section 290.08 (6) and (7) (relating to certain governmental obligations), or any holder who has purchased the bond or other evidence of indebtedness at a premium.*

(c) *In the case of obligations with respect to which the taxpayer made an election provided by section 290.071, subdivision 1 (relating to accounting rules for certain obligations issued at a discount), this subdivision shall not require the inclusion of any amount previously includible in gross income.*

(3) (a) *For purposes of paragraphs (1) and (2),*

the term "original issue discount" means the difference between the issue price and the stated redemption price at maturity. If the original issue discount is less than one-fourth of one percent of the redemption price at maturity multiplied by the number of complete years to maturity, then the issue discount shall be considered to be zero. For purposes of this paragraph, the term "stated redemption price at maturity" means the amount fixed by the last modification of the purchase agreement and includes dividends payable at that time.

(b) In the case of issues of bonds or other evidences of indebtedness registered with the United States Securities and Exchange Commission, the term "issue price" means the initial offering price to the public (excluding bond houses and brokers) at which price a substantial amount of such bonds or other evidences of indebtedness were sold. In the case of privately placed issues of bonds or other evidence of indebtedness, the issue price of each such bond or other evidence of indebtedness is the price paid by the first buyer of such bond. For purposes of this paragraph, the terms "initial offering price" and "price paid by the first buyer" include the aggregate payments made by the purchaser under the purchase agreement, including modifications thereof.

(c) In the case of issues of bonds or other evidences of indebtedness registered with the United States Securities and Exchange Commission, the term "date of original issue" means the date on which the issue was first sold to the public at the issue price. In the case of privately placed issues of bonds or other evidences of indebtedness, the term "date of original issue" means the date on which each such bond or other evidence of indebtedness was sold by the issuer.

(4) If

(a) a bond or other evidence of indebtedness issued at any time with interest coupons is purchased after the date of enactment of this act, and

(b) the purchaser does not receive all the coupons which first become payable more than 12 months after the date of the purchase,

then the gain on the sale or other disposition of such evidence of indebtedness by such purchaser shall be considered as gain from the sale or exchange of property which is not a capital asset to the extent that the market value (determined as of the time of the purchase) of the evidence of indebtedness with coupons attached exceeds the purchase price. If this paragraph and paragraph (2) (a) apply with respect to gain real-

ized on the retirement of any bond, then paragraph (2) (a) shall apply with respect to that part of the gain to which this paragraph does not apply.

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

Approved April 13, 1955.

CHAPTER 413—H. F. No. 862

An act relating to local grain warehouses; amending Minnesota Statutes 1953, Section 232.08.

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

Section 1. Minnesota Statutes 1953, Section 232.08 is amended to read:

232.08 Grain, delivery on storage receipt. On the return and surrender of any storage receipts and payment of all lawful charges, the grain represented thereby shall be immediately deliverable to the owner, or his order, and shall not be subject to any further charge for storage after demand for delivery shall have been made and proper facilities for receiving or shipping the same have been provided.

If not delivered within 24 hours after such demand and proper facilities have been provided, the public local grain warehouseman issuing such storage receipt shall be liable to the owner in damages not exceeding one cent a bushel for each day's delay, unless he shall make delivery to different owners in the order demanded as rapidly as it can be done by ordinary diligence. The owner of the storage receipt shall order the car or other vehicle in which the grain covered by his receipt is to be transported, and the grain shall be delivered forthwith when the car or other vehicle so ordered is in proper condition for loading and is placed at the warehouse.

If any dispute or disagreement arises between the party receiving and the party delivering the grain at any public local grain warehouse in this state as to the proper grade or dockage, or both, of any grain, an average sample of at least three quarts of said grain in dispute may be taken by either or both of the parties interested. Said sample or samples shall be certified to by both the owner and public local grain warehouseman as being true samples of the grain in dispute on the day upon which the grain is delivered. Such samples shall be forwarded in a suitable sack by parcel post or express, prepaid, with the