

amount paid or credited within the meaning of section 290.23, subdivision 8 (1) (b) and shall be taxed to the holder of the power under section 290.23, subdivision 9.

(4) Paragraph (1) shall not apply with respect to a power which has been renounced or disclaimed within a reasonable time after the holder of the power first became aware of its existence.

Subd. 3. (1) There shall be included in the gross income of a wife who is divorced or legally separated under a decree of divorce or of separate maintenance (or who is separated from her husband under a written separation agreement) the amount of the income of any trust which such wife is entitled to receive and which, except for this subdivision, would be includible in the gross income of her husband, and such amount shall not, despite any other provision of this chapter, be includible in the gross income of such husband. This paragraph shall not apply to that part of any such income of the trust which the terms of the decree, written separation agreement, or trust instrument fix, in terms of an amount of money or a portion of such income, as a sum which is payable for the support of minor children of such husband. In case such income is less than the amount specified in the decree, agreement, or instrument, for the purpose of applying the preceding sentence, such income, to the extent of such sum payable for such support, shall be considered a payment for such support.

(2) For purposes of computing the taxable income of the estate or trust and the taxable income of a wife to whom paragraph (1) or section 290.072 applies, such wife shall be considered as the beneficiary specified in sections 290.22 through 290.28. A periodic payment under section 290.072 to any portion of which sections 290.22 through 290.28 applies shall be included in the gross income of the beneficiary in the taxable year in which under sections 290.22 through 290.28 such portion is required to be included.

Sec. 2. The provisions of this chapter are applicable to all taxable years beginning after December 31, 1956.

Approved April 27, 1957.

CHAPTER 761—H. F. No. 1336

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.077, Subdivision 1.

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

Section 1. Minnesota Statutes 1953, Section 290.077, Subdivision 1, is amended to read:

290.077 Income in respect of decedents. Subdivision

1. **Inclusion in gross income in respect of decedents.** (1) The amount of all items of gross income in respect of a decedent which are not properly includible in respect of the taxable period in which falls the date of his death or a prior period (*including the amount of all items of gross income in respect of a prior decedent, if the right to receive such amount was acquired by reason of the death of the prior decedent or by bequest, devise, or inheritance from the prior decedent*) shall be included in the gross income, for the taxable year when received; of:

(A) the estate of the decedent, if the right to receive the amount is acquired by the decedent's estate from the decedent;

(B) the person who, by reason of the death of the decedent, acquires the right to receive the amount, if the right to receive the amount is not acquired by the decedent's estate from the decedent; or

(C) the person who acquires from the decedent the right to receive the amount by bequest, devise or inheritance, if the amount is received after a distribution by the decedent's estate of such right.

(2) If a right, described in paragraph (1) of this subdivision, to receive an amount is transferred by the estate of the decedent or a person who receives such right by reason of the death of the decedent or by bequest, devise, or inheritance from the decedent, there shall be included in the gross income of the estate or such person, as the case may be, for the taxable period in which the transfer occurs, the fair market value of such right at the time of such transfer plus the amount by which any consideration for the transfer exceeds such fair market value. For the purposes of this paragraph, the term "transfer" includes sale, exchange, or other disposition, *or the satisfaction of an installment obligation at other than face value*, but does not include *transmission at death to the estate of the decedent or a transfer to a person pursuant to the right of such person to receive such amount by reason of the death of the decedent or by bequest, devise, or inheritance from the decedent except as provided in subdivision 3 of this section.*

(3) The right, described in paragraph (1) of this subdivision, to receive an amount shall be treated, in the hands of the estate of the decedent or any person who acquired such right by reason of the death of the decedent, or by bequest,

devise, or inheritance from the decedent, as if it had been acquired by the estate or such person in the transaction in which the right to receive the income was originally derived: and the amount includible in gross income under paragraph (1) or (2) of this subdivision shall be considered in the hands of the estate or such person to have the character which it would have had in the hands of the decedent if the decedent had lived and received such amount.

(4) *In the case of an installment obligation received by a decedent on the sale or other disposition of property, the income from which was properly reportable by the decedent on the installment basis under section 290.07, subdivision 3, if such obligation is acquired by the decedent's estate from the decedent or by any person by reason of the death of the decedent or by bequest, devise, or inheritance from the decedent*

(a) *an amount equal to the excess of the face amount of such obligation over the basis of the obligation in the hands of the decedent (determined under section 290.07, subdivision 3) shall, for the purpose of paragraph (1), be considered as an item of gross income in respect of the decedent; and*

(b) *such obligation shall, for purposes of paragraphs (2) and (3), be considered a right to receive an item of gross income in respect of the decedent, but the amount includible in gross income under paragraph (2) shall be reduced by an amount equal to the basis of the obligation in the hands of the decedent (determined under section 290.07, subdivision 3).*

Sec. 2. *The provisions of this chapter are applicable to all taxable years beginning after December 31, 1956.*

Approved April 27, 1957.

CHAPTER 762—H. F. No. 1373

[Coded]

An act to promote the public welfare, authorizing appointment of a special assistant on aging, authorizing county welfare boards to designate county services coordinators and appoint county services committees.

WHEREAS, more than 300,000 Minnesota citizens are now 65 years of age or older; and

WHEREAS, the number of our older citizens is rapidly