

CHAPTER 772—H. F. No. 1702

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.07, Subdivision 5, as amended.

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

Section 1. Minnesota Statutes 1953, Section 290.07, Subdivision 5, as amended by Laws 1955, Chapter 426, is amended to read:

Subd. 5. **Property sold on installment plan.** (1) Under regulations prescribed by the commissioner, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit, realized or to be realized when payment is completed, bears to the total contract price.

(2) Income from a sale or other disposition of real property, or from a casual sale or other casual disposition of personal property (other than property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year) for a price exceeding \$1,000, may (under regulations prescribed by the commissioner) be returned on the basis and in the manner prescribed in paragraph (1). The preceding sentence shall apply in the case of a sale or other disposition during a taxable year beginning after December 31, 1954 (whether or not such taxable year ends after the date of enactment of this act), only if in the taxable year of the sale or other disposition there are no payments or the payments (exclusive of evidences of indebtedness of the purchaser) do not exceed 30 percent of the selling price.

(3) *A taxpayer may elect to utilize the installment method of reporting income from the sale of intangible personal property only upon condition that he shall in the event he terminates his residence or domicile in this state, return as income, for the taxable period ending with said termination, the gain which would have been includible but for his election to utilize the installment method, less the gain on the transaction which he has previously included in gross income. The filing of a return reporting income from the sale of property on an installment basis shall constitute an election which election shall be irrevocable unless changed on or before the due date for filing return.*

(4) If an installment obligation is satisfied at other

than its face value or distributed, transmitted, sold or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation, and (a) in the case of satisfaction at other than face value or a sale or exchange the amount realized, or (b) in case of a distribution, transmission or disposition otherwise than by sale or exchange the fair market value of the obligation at the time of such distribution, transmission, or disposition. Any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received. The basis of the obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full. This subsection shall not apply to the transmission at death of installment obligations if there is filed with the commissioner, at such time as he may by regulation prescribe, a bond in such amount and with such sureties as he may deem necessary, conditioned upon the return as income, by the person receiving any payment on such obligations, of the same proportion of such payment as would be returnable as income by the decedent if he had lived and had received such payment. If an installment obligation is distributed by one corporation to another corporation in the course of a liquidation, and under Section 290.13, Subdivision 1 (6) no gain or loss with respect to the receipt of such obligation is recognized in the case of the recipient corporation, then no gain or loss with respect to the distribution of such obligation shall be recognized in the case of the distributing corporation. If an installment obligation is distributed by a corporation in the course of a liquidation, and under section 290.13, subdivision 1, no gain or loss would have been recognized to the corporation if the corporation had sold or exchanged such installment obligation on the day of such distribution, then no gain or loss shall be recognized to such corporation by reason of such distribution.

(5) If a taxpayer entitled to the benefits of paragraph (1) of this subdivision elects for any taxable year to report his net income and taxable net income on the installment basis, then in computing his net income and taxable net income for such year (referred to in this and the succeeding two paragraphs as "year of change") or for any subsequent year, (a) installment payments actually received during any such year on account of sales or other dispositions of property made in any taxable year before the year of change shall not be excluded; but (b) the tax imposed by this chapter for any taxable year (referred to in this and the succeeding two paragraphs as "adjustment year") beginning after December 31,

1954, shall be reduced by the adjustment computed under paragraph (6).

(6) In determining the adjustment referred to in paragraph (5) (b) first determine, for each taxable year before the year of change, the amount which equals the lesser of: (a) the portion of the tax for such prior taxable year which is attributable to the gross profit which was included in gross income for such prior taxable year, and which by reason of paragraph (5) (a) is includible in gross income for the taxable year, or (b) the portion of the tax for the adjustment year which is attributable to the gross profit described in subparagraph (a) of this paragraph. The adjustment referred to in paragraph (5) (b) for the adjustment year is the sum of the amounts determined under the preceding sentence.

(7) For purposes of paragraph (6), the portion of the tax for a prior taxable year, or for the adjustment year, which is attributable to the gross profit described in such paragraph is that amount which bears the same ratio to the tax imposed by this chapter (or by the corresponding provisions of prior Minnesota income tax laws) for such taxable year (computed without regard to paragraph (6) as the gross profit described in such paragraph bears to the gross income for such taxable year.

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

Approved April 27, 1957.

CHAPTER 773—H. F. No. 1718

[Coded]

An act relating to meetings of governing bodies of school boards and political subdivisions; requiring such meetings to be open to the public and requiring the votes of the members to be kept in a public journal.

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

Section 1. [471.705] **Meetings of governing bodies open to public.** Except as otherwise expressly provided by law, all meetings, including executive sessions, of the governing body of any school district however organized, unorganized territory, county, city, village, town or borough and of any board, department or commission thereof, shall be open to the public. The votes of the members of such governing