

This appropriation is from monies available in the Highway User Tax Distribution Fund.

Commission to Study Laws Relating to Cities, Villages, and Urban Towns	20,000
Commission to Study the Organization, Function and Structure of County and Township Governments	15,000
Commission to Study Agricultural Problems	20,000
Commission on Education	25,000

This appropriation is from monies available in Income Tax School Fund.

Commission on Public Employee-Employer Relations and Working Conditions	11,500
Commission Relating to Problems in Connection with the Harbors at Dulth and Superior	500

Subd. 2. Expenses of each of the interim commissions shall be approved by its chairman or such other members of the commission as it may provide and such expenses shall then be paid in the same manner as other state expenses are paid.

Sec. 3. None of the provisions of this act shall in any way affect any commission or committee of the legislature or any branch thereof now existing or hereafter established under any other law.

Sec. 4. This act is in effect upon its final enactment.

Approved July 2, 1959.

EXTRA SESSION

CHAPTER 83—S. F. No. 190

[Coded in Part]

An act relating to taxes on and measured by net income; including certain amounts within the definition of "gross income"; relating to inheritance and transfer taxes, providing certain exemptions and deductions relating thereto; amending Minnesota Statutes 1957, Sections 290.01, Subdivision 20, and 291.07, by adding a new subdivision, Minnesota Statutes 1957, Chapter 291, by adding a new section.

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

Section 1. Minnesota Statutes 1957, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. **Gross income.** Except as otherwise provided in this chapter, the term "gross income" includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services (*including amounts paid, by or on behalf of an employer, whether as gifts or otherwise, by reason of the death of an employee*); income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source. Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act. If a husband and wife have filed a joint federal income tax return and separate Minnesota income tax returns for the same taxable period, amounts received as refunds on account of federal income taxes paid shall be included in gross income in the same ratio as the deductions for federal income taxes were claimed in the separate Minnesota tax returns.

Sec. 2. Minnesota Statutes 1957, Chapter 291, is amended by adding a new section to read as follows:

[291.065] **Employee retirement plans, exemption.** *The value of an annuity or other payment receivable by any beneficiary (other than the executor) after December 31, 1956, shall be exempt from inheritance tax if received under (1) an employees' trust (or under a contract purchased by an employees' trust) forming part of a pension, stock bonus, or*

profit-sharing plan, which at the time of the decedent's separation from employment (whether by death or otherwise), or at the time of termination of the plan if earlier, met the requirement of Section 401 (a) of the Internal Revenue Code of 1954, as adapted to the provisions of this chapter under regulations issued by the commissioner of taxation; or (2) a retirement annuity contract purchased by an employer (and not by an employees' trust) pursuant to a plan, which at the time of the decedent's separation from employment (by death or otherwise), or at the time of termination of the plan if earlier, met the requirements of paragraph (3) of Section 401 (a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of taxation. If such amounts payable after the death of the decedent under a plan described in clause (1) or (2) are attributable to any extent to payments or contributions made by the decedent, no exemption shall be allowed for that part of the value of such amounts in the proportion that the total payments or contributions made by the decedent bears to the total payments or contributions made. For purposes of the preceding sentence, contributions or payments made by the decedent's employer or former employer under a trust or plan described in clause (1) or (2) shall not be considered to be contributed by the decedent.

Sec. 3. Minnesota Statutes 1957, Section 291.07 is amended as follows:

291.07 Expenses relating to death. Subdivision 1. Reasonable expenses of administration, funeral expenses, expenses of last sickness, claims against the decedent duly allowed as such, family maintenance to the extent provided by section 291.10 and allowances to the surviving spouse, Federal estate taxes and taxes which have accrued or are a lien on property in the estate at the date of death, shall be allowed as deductions, in the amount allowed by the probate court having jurisdiction, before computing the tax.

Subd. 2. If no probate proceedings are had, then, in the case of joint tenancy property, there shall be allowed as deductions to a widow expenses of last sickness and funeral in the amount remaining unpaid at the death of decedent, providing such expenses are paid by the widow and are not claimed as a deduction for income tax purposes.

Approved July 2, 1959.
