

Section 1. Minnesota Statutes 1957, Section 290.18, Subdivision 1, is amended to read:

290.18 Taxable net income, adjusted gross income; computation. Subdivision 1. **Taxable net income.** The taxable net income shall, except in so far as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17 deductions of the kind permitted by section 290.09 in accordance with the following provisions:

(1) Such deductions shall be allowed to the extent that they are connected with and allocable against the production or receipt of such gross income assignable to this state;

(2) That proportion of such deductions, so far as not connected with and allocable against the production or receipt of such gross income assignable to this state and so far as not connected with and allocable against the production or receipt of gross income assignable to other states or countries and so far as not entering into the computation of the net income assignable to this state under section 290.19, shall be allowed which the taxpayer's *adjusted* gross income from sources within this state, as determined under section 290.17, clauses (1), (2), (3), and (5), bears to his *adjusted* gross income from all sources, including that entering into the computations provided for by section 290.19; provided that taxes of the kind deductible under section 290.09, clause (3), shall, so far as within the description of deductions deductible under this clause, be deductible in their entirety if paid to the State of Minnesota, or any of its subdivisions authorized to impose such taxes, and thereupon be excluded in making the computation of deductions, as in this clause provided.

Approved April 10, 1961.

CHAPTER 262—S. F. No. 1366

An act relating to inheritance and transfer taxes; amending Minnesota Statutes 1957, Section 291.11, Subdivision 2.

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

Section 1. Minnesota Statutes 1957, Section 291.11, Subdivision 2, is amended to read:

Changes or additions indicated by *italics*, deletions by ~~strikeout~~.

Subd. 2. **Value of estates dependent upon any life, how determined.** The value of every future or limited estate, income, interest or annuity dependent upon any life or lives in being, shall be determined by the rule, method, and standard of mortality and value employed by the Commissioner of insurance in ascertaining the value of policies of life insurance and annuities for the determination of liabilities of life insurance companies, except: (a) for every future or limited estate, income, interest, or annuity, the value of which is not based upon an assumed or fixed rate of interest, the rate of interest and the discount rate, for making such computation, shall be four percent per annum; (b) the value of an annuity contract issued by a company regularly engaged in the sale of contracts of that character shall be determined by the amount at which comparable contracts were sold by that company at the date of the decedent's death *Internal Revenue in determining valuation for Federal estate tax purposes under the Internal Revenue Code of 1954, as amended.*

Approved April 10, 1961.

CHAPTER 263—H. F. No. 103

[Coded]

An act relating to trunk highways, the relinquishment of lands no longer needed for trunk highway purposes; amending Laws 1959, Chapter 500, Article II, Section 44.

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

Section 1. Laws 1959, Chapter 500, Article II, Section 44, is amended to read:

Sec. 44. [161.44] **Relinquishment of lands owned in fee.** Subdivision 1. **Conveyance.** The governor, in behalf of the state and upon recommendation of the commissioner, may convey and quitclaim any lands, including any improvements thereon, owned in fee by the state for trunk highway purposes but no longer needed therefor.

Subd. 2. **Reconveyance when remainder of tract is owned by vendor or surviving spouse.** If the lands were part of a larger tract and the remainder of the tract is still owned by the person or his surviving spouse from whom the lands were acquired, or if the lands constituted an entire tract, the lands shall first be offered for reconveyance to such

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