

## CHAPTER 364—S. F. No. 423

[Coded]

*An act relating to motor vehicles; defining the term motor scooter for the purposes of Minnesota Statutes, Chapter 168; amending Minnesota Statutes 1961, Section 168.011, as amended, by adding a subdivision.*

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

Section 1. Minnesota Statutes 1961, Section 168.011, as amended, is amended by adding a subdivision to read:

*Subd. 24. Motor scooter; definition. "Motor scooter" means a two or three wheeled motor vehicle of not more than five brake horsepower which has a saddle for the use of the rider. The presence or absence of a bar, or gas tanks, or both, between the handle bars and the saddle does not alter or change this definition of a motor scooter.*

Approved May 7, 1965.

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CHAPTER 365—S. F. No. 1030

*An act relating to the deduction of interest paid in connection with taxes on and measured by net income, amending Minnesota Statutes 1961, Section 290.09, Subdivision 3.*

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

Section 1. Minnesota Statutes 1961, Section 290.09, Subdivision 3, is amended to read:

**Subd. 3. Income tax; deductions; interest paid.** (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under section 290.08, or on indebtedness incurred or continued in connection with the purchasing or carrying of a single premium life insurance, annuity, or endowment contract, shall not be allowed as a deduction. (For purposes of this paragraph, a contract shall be treated as a single premium contract if substantially all the premiums on the contract are paid within a period of four years from the

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

date on which the contract is purchased, or if an amount is deposited after January 1, 1955 with the insurer for payment of a substantial number of future premiums on the contract.)

(c) If personal property is *or educational services are* purchased under a contract which provides that payment of part or all of the purchase price is to be made in installments, and in which carrying charges are separately stated but the interest charge cannot be ascertained, then the payments made during the taxable year under the contract shall be treated for purposes of this paragraph as if they included interest equal to six percent of the average unpaid balance under the contract during the taxable year, and such interest shall be allowed as a deduction. For purposes of the preceding sentence, the average unpaid balance is the sum of the unpaid balance outstanding on the first day of each month beginning during the taxable year, divided by 12. In the case of any contract to which this paragraph applies, the amount treated as interest for any taxable year shall not exceed the aggregate carrying charges which are properly attributable to such taxable year.

*For purposes of this subdivision the term "educational services" means any service including lodging which is purchased from an educational institution (as defined in section 151 (e) (4) of the Internal Revenue Code of 1954, as amended) and which is provided for a student of such institution.*

Sec. 2. *The provisions of this act shall be applicable to the taxable years beginning after December 31, 1964.*

Approved May 7, 1965.

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## CHAPTER 366—S. F. No. 616

[Not Coded]

*An act appropriating money to the adjutant general for the erection and dedication of a monument memorializing the service of Minnesota National Guard troops on the Mexican border in 1916 and 1917.*

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

Section 1. **Appropriation for memorial monument; Mexican border service by Minnesotans.** Whereas the national guard of the state of Minnesota was called into federal service in 1916 to serve along the Mexican border, and whereas several of the states have

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