

CHAPTER 489—S. F. No. 1280

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1961, Section 290.07, Subdivision 7.

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

Section 1. Minnesota Statutes 1961, Section 290.07, Subdivision 7, is amended to read:

Subd. 7. Income tax; deductions, credits; time for taking.
The deductions and credits provided for in this chapter shall be taken for a taxable year in which "paid or accrued" or "paid and incurred," dependent upon the method of accounting upon the basis of which the net income is computed, unless in order to clearly reflect the income the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer whose net income is computed upon the basis of the accrual method of accounting, amounts (except amounts includable in computing a partner's net income under section 290.31) accrued as deductions and credits only by reason of the death of the taxpayer shall not be allowed in computing net income for the period in which falls the date of the taxpayer's death.

If the taxpayer contests an asserted liability or the taxpayer transfers money or other property to provide for the satisfaction of the asserted liability and the contest with respect to the asserted liability exists after the time of the transfer; and but for the fact that the asserted liability is contested a deduction would be allowed for the taxable year of the transfer (or for an earlier taxable year), then the deduction shall be allowed for the taxable year of the transfer. This paragraph shall not apply in respect to the reduction for war profits and excess profit taxes imposed by the authority of any foreign country or possession of the United States.

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

Approved May 20, 1965.

CHAPTER 490—S. F. No. 1366

[Not Coded]

An act relating to the town of Nichols in St. Louis county; providing for the exercise of certain village powers with respect

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

to electrical and gas systems; amending Laws 1963, Chapter 569, Section 1.

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

Section 1. Laws 1963, Chapter 569, Section 1, is amended to read:

Section 1. **Nichols, town of (St. Louis county); village powers; electrical and gas systems.** The town of Nichols in St. Louis county shall have the same powers with respect to waterworks systems, *electrical systems, gas systems*, and storm and sanitary sewers and systems, including the establishment of a commission to operate either *any or all* of such systems, ~~or both~~, as are possessed by villages under Minnesota Statutes, Sections 412.321 through 412.391, 444.075 and 465.01, and Minnesota Statutes, Chapters 429 and 475, and all acts supplementary thereto or amendatory thereof.

Sec. 2. **Effective date.** *This act shall be effective only after it has been approved by the board of supervisors of the town of Nichols and upon compliance with the provisions of Minnesota Statutes, Section 645.021.*

Approved May 20, 1965.

CHAPTER 491—S. F. No. 1374

An act relating to the operation of the state government; providing certain exemptions for student employees at the state colleges from requirement of Minnesota Statutes, Chapter 43; amending Minnesota Statutes 1961, Section 43.09, Subdivision 2, as amended.

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

Section 1. Minnesota Statutes 1961, Chapter 43.09, Subdivision 2, as amended by Laws 1963, Chapter 436, Section 1, is amended to read:

Subd. 2. **Civil service; state employees; unclassified service.** The unclassified service comprises positions held by state officers or employees who are:

(1) Chosen by election or appointed to fill an elective office;

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