

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

Section 1. **Independent school district; St. Paul, city of; taxes; state aid.** Notwithstanding the provisions of any prior law to the contrary, the proceeds of the current tax levies and future state aid receipts or other school funds which may become available to the independent school district of the city of Saint Paul shall be applied to the extent necessary to repay tax anticipation certificates or school aid anticipation certificates authorized by the provisions of Laws 1963, Chapter 371, as amended, and the full faith and credit of said school district shall be pledged to their payment. They shall mature not later than the anticipated date of receipt in full of school taxes for the current year or of the aids so anticipated as estimated by the state commissioner of education, but in no event shall such tax anticipation certificates mature later than three months after the close of the calendar year or school aid anticipation certificates later than three months after the close of the school year in which they are issued, respectively. The certificates shall be sold at not less than par. The certificates shall bear interest after maturity until paid at the rate they bore before maturity and any interest accruing before or after maturity shall be paid from any available school funds.

Sec. 2. This act shall not become effective until July 1, 1965.

Sec. 3. This act shall become effective only after its approval by a majority of the board of education of the city of Saint Paul, and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved May 26, 1965.

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#### CHAPTER 802—H. F. No. 2132

*An act relating to disaster losses and to taxes on and measured by net income; amending Minnesota Statutes 1961, Section 290.09, Subdivision 5.*

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

Section 1. Minnesota Statutes 1961, Section 290.09, Subdivision 5, is amended to read:

Subd. 5. **Income tax; disaster losses.** (a) General Rule. There shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise.

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

(b) **Amount of Deduction.** For purposes of paragraph (a), the basis for determining the amount of the deduction for any loss shall be the adjusted basis provided in sections 290.14 and 290.15 for determining the loss from the sale or other disposition of property.

(c) **Limitation on Losses of Individuals.** In the case of an individual, the deduction under paragraph (a) shall be limited to

- (1) Losses incurred in a trade or business;
- (2) Losses incurred in any transaction entered into for profit, though not connected with a trade or business; and
- (3) Losses of property not connected with a trade or business, if such losses arise from fire, storm, shipwreck, or other casualty, or from theft. No loss described in this paragraph shall be allowed if, at the time of the filing of the return, such loss has been claimed for inheritance tax purposes.

(d) **Wagering Losses.** Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

(e) **Theft Losses.** For purposes of paragraph (a), any loss arising from theft shall be treated as sustained during the taxable year in which the taxpayer discovers such loss.

(f) **Capital Losses.** Losses from sales or exchanges of capital assets shall be allowed only to the extent allowed in section 290.16.

(g) **Worthless Securities.**

(1) **General Rule.** If any security which is a capital asset becomes worthless during the taxable year, the loss resulting therefrom shall, for purposes of this chapter, be treated as a loss from the sale or exchange, on the last day of the taxable year, of a capital asset.

(2) **Security Defined.** For purposes of this paragraph, the term "security" means:

- (A) A share of stock in a corporation;
- (B) A right to subscribe for, or to receive, a share of stock in a corporation; or
- (C) A bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation or by a government or po-

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litical subdivision thereof, with interest coupons or in registered form.

(3) Securities in Affiliated Corporation. For purposes of paragraph (1), any security in a corporation affiliated with a taxpayer which is a domestic corporation shall not be treated as a capital asset. For purposes of the preceding sentence, a corporation shall be treated as affiliated with the taxpayer only if:

(A) At least 95 percent of each class of its stock is owned directly by the taxpayer, and

(B) More than 90 percent of the aggregate of its gross receipts for all taxable years has been from sources other than royalties, rents (except rents derived from rental from properties to employees of the corporation in the ordinary course of its operating business), dividends, interest (except interest received on deferred purchase price of operating assets sold), annuities, and gains from sales or exchanges of stocks and securities. In computing gross receipts for purposes of the preceding sentence, gross receipts from sales or exchanges of stock and securities shall be taken into account only to the extent of gains therefrom.

*(h) Disaster Losses. (1) Notwithstanding the provisions of (a), any loss*

*(A) attributable to a disaster which occurs during the period following the close of the taxable year and on or before the time prescribed by law for filing the income tax return for the taxable year (determined without regard to any extension of time), and*

*(B) occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under section 1855-1855g of Title 42, U.S.C.A.,*

*at the election of the taxpayer, may be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred. Such election may be made only if a similar election has been made under the provisions of Section 165(h) of the Internal Revenue Code of 1954, as amended, for federal income tax purposes. Such deduction shall not be in excess of so much of the loss as would have been deductible in the taxable year in which the casualty occurred. If an election is made under this paragraph, the casualty resulting in the loss will be deemed to have occurred in the taxable year for which the deduction is claimed.*

*(2) The commissioner is authorized to prescribe regulations providing the time and manner of making an election to claim a disaster loss under this clause; provided, however, that such an elec-*

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*tion relating to a disaster loss occurring during the first three and one half months of the year 1965 may be made no later than December 31, 1965.*

Sec. 2. *The provisions of this act shall be applicable to taxable years beginning after December 31, 1963.*

Approved May 26, 1965.

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CHAPTER 803—S. F. No. 1345

*An act relating to the state board of dental examiners; proposing that per diem compensation of board members be increased to \$50 and that salaries of the secretary-treasurer and clerical employees be fixed by resolution of the board; amending Minnesota Statutes 1961, Section 150.02, Subdivision 1.*

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

Section 1. Minnesota Statutes 1961, Section 150.02, Subdivision 1, is amended to read:

**150.02 Dentistry; board of examiners; officers; salaries, expenses, bonds.** Subdivision 1. The state board of dental examiners shall elect from its members a president, a vice-president, and a secretary-treasurer. The board shall have a common seal. It shall hold two regular meetings each year, at times to be fixed by it, and in its discretion may give examinations to applicants at either one or both of such regular meetings. It may hold special meetings at such other times as may be necessary and as it may determine. All meetings shall be held at such places within the state as the board shall determine. Out of the funds coming into the possession of the board, the members thereof shall receive as compensation the sum of ~~\$25~~ \$50 per day and necessary traveling expenses for each day actually engaged in the duties of their offices. The secretary-treasurer shall, in addition thereto, be paid a salary ~~of not to exceed \$2,500 per year, the~~ *in an amount of salary to be set by resolution of the board, not to exceed \$4,000 per year.* The board may expend funds ~~not in excess of \$2,500 per year~~ for secretarial, clerical and stenographic services for the board, *the amount of such expenditure to be set by resolution of the board after consultation with the civil service commission.* All fees received by the board under this chapter shall be paid to the secretary-treasurer thereof, who shall deposit the same each month with the state treasurer, the fees to be kept in a separate

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