

proval of the voters shall be required for the issuance of such bonds as provided by Minnesota Statutes, Chapter 475.

Sec. 2. The district may levy the taxes required by law for the payment of such bonds and interest thereon without limitation as to rate or amount and the levy of such taxes shall not cause the amount of other taxes, levied or to be levied by the district, which are subject to any such limitation, to be reduced in any amount whatsoever.

Sec. 3. This act shall become effective upon its approval by the members of the school board of the district, and upon compliance with Minnesota Statutes, Section 645.021.

Approved March 15, 1965.

CHAPTER 88—H. F. No. 385

[Coded]

An act relating to gift taxes; amending Minnesota Statutes 1961, Section 292.01, by adding a subdivision thereto.

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

Section 1. Minnesota Statutes 1961, Section 292.01, is amended by adding a subdivision to read:

Subd. 8. Gift taxes; powers of appointment. (A) An exercise of a general power of appointment created on or before October 21, 1942, shall be deemed a transfer of property by the individual possessing such power; but the failure to exercise such a power or the complete release of such a power shall not be deemed an exercise thereof. If a general power of appointment created on or before October 21, 1942, has been partially released so that it is no longer a general power of appointment, the subsequent exercise of such power shall not be deemed to be the exercise of a general power of appointment if:

(1) *Such partial release occurred before November 1, 1951, or*

(2) *The donee of such power was under a legal disability to release such power on October 21, 1942, and such partial release occurred not later than six months after the termination of such legal disability.*

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

(B) *The exercise or release of a general power of appointment created after October 21, 1942, shall be deemed a transfer of property by the individual possessing such power. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such power.*

(C) *For purposes of this subdivision, the term "general power of appointment" means a power which is exercisable in favor of the individual possessing the power, hereafter in this subdivision referred to as the "possessor," his estate, his creditors, or the creditors of his estate; except that:*

(1) *A power to consume, invade, or appropriate property for the benefit of the possessor which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the possessor shall not be deemed a general power of appointment.*

(2) *A power of appointment created on or before October 21, 1942, which is exercisable by the possessor only in conjunction with another person shall not be deemed a general power of appointment.*

(3) *In the case of a power of appointment created after October 21, 1942, which is exercisable by the possessor only in conjunction with another person:*

(a) *If the power is not exercisable by the possessor except in conjunction with the creator of the power, such power shall not be deemed a general power of appointment;*

(b) *If the power is not exercisable by the possessor except in conjunction with a person having a substantial interest, in the property subject to the power, which is adverse to exercise of the power in favor of the possessor, such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the possessor, may be possessed of a power of appointment, with respect to the property subject to the possessor's power, which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the possessor's power;*

(c) *If, after the application of clauses (a) and (b) the power is a general power of appointment and is exercisable in favor of such other person, such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons, including the possessor, in favor of whom such power is exercisable.*

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

For the purposes of clauses (b) and (c), a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate.

(D) *If a power of appointment created after October 21, 1942, is exercised by creating another power of appointment which can be validly exercised so as to postpone the vesting of any estate or interest in the property which was subject to the first power, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power, such exercise of the first power shall, to the extent of the property subject to the second power, be deemed a transfer of property by the individual possessing such power.*

(E) *The lapse of power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power, the rule of the preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property which could have been appointed by exercise of such lapsed powers exceeds in value the greater of the following amounts:*

(1) *\$5,000, or*

(2) *Five percent of the aggregate value of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could be satisfied.*

(F) *For the purposes of Minnesota Statutes, Section 292.01, a power of appointment created by a will executed on or before October 21, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.*

Approved March 16, 1965.

CHAPTER 89—H. F. No. 388

An act relating to inheritance taxes; amending Minnesota Statutes 1961, Section 291.01, Subdivision 3, as amended.

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

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