

income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act. If a husband and wife have filed a joint federal income tax return and separate Minnesota income tax returns for the same taxable period, amounts received as refunds on account of federal income taxes paid shall be included in gross income in the same ratio as the deductions for federal income taxes were claimed in the separate Minnesota tax returns.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph, in accordance with regulations prescribed by the commissioner.

Approved May 5, 1971.

CHAPTER 207—H.F.No.1009

An act relating to adoptions; providing for confidential recommendations by adoption agencies in certain cases; amending Minnesota Statutes 1969, Section 259.27.

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

Section 1. Minnesota Statutes 1969, Section 259.27, is amended to read:

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

259.27 ADOPTION; AGENCY RECOMMENDATIONS; PETITION; INVESTIGATIONS; REPORTS. Subdivision 1. COMMISSIONER'S DUTIES. Upon the filing of a petition for adoption of a child the clerk of court shall immediately transmit a copy of the petition to the commissioner of public welfare. The commissioner shall verify the allegations of the petition, investigate the conditions and antecedents of the child for the purpose of ascertaining whether he is a proper subject for adoption, and make appropriate inquiry to ascertain whether the proposed foster home and the child are suited to each other. The report of the county welfare board submitted to the commissioner of public welfare bearing on the suitability of the proposed foster home and the child to each other shall be confidential, and the records of the county welfare board or the contents thereof shall not be disclosed either directly or indirectly to any person other than the commissioner of public welfare or a judge of the court having jurisdiction of the matter. Within 90 days after the receipt of said copy of the petition the commissioner shall submit to the court a full report in writing with his recommendations as to the granting of the petition. If such report is not returned within the 90 days, without fault of petitioner, the court may hear the petition upon giving the commissioner five days notice by mail of the time and place of the hearing. If such report disapproves of the adoption of the child, the commissioner may recommend that the court dismiss the petition.

Subd. 2. ADOPTION AGENCIES. Notwithstanding the provisions of subdivision 1, if the child to be adopted has been committed to the guardianship of an agency pursuant to section 260.241, or if the child has been surrendered to an agency pursuant to section 259.25 the court, in its discretion, may refer the adoption petition to such agency, or, if the adopting parent has a step-parent relationship to the child, to the county welfare department of the county in which the adoption is pending. The agency or county welfare department, within 90 days of receipt of a copy of the adoption petition, shall file with the court a report of its investigation of the environment and antecedents of the child to be adopted and of the home of the petitioners. If such report disapproves of the adoption of the child, the agency or county welfare department may recommend that the court dismiss the petition.

Subd. 3. REPORTS AND RECORDS; CONFIDENTIAL. All reports and records of the commissioner of public welfare, county welfare board, or child placing agency bearing on the suitability of the proposed adoptive home and the child to each other shall be confidential, and the contents thereof shall not be disclosed either directly or indirectly to any person other than the commissioner of public welfare or a judge of the court having jurisdiction of the matter, provided, however, that a judge of the court having jurisdiction of the matter may, in his discretion, disclose any such report or

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record to a party to the proceedings or his counsel when such report or record disapproves the granting of the adoption petition.

Subd. 4. PREADoption RESIDENCE. No petition shall be granted until the child shall have lived six months in the proposed home, subject to a right of visitation by the commissioner or an agency or their authorized representatives.

Subd. 5. RESIDENCE AND INVESTIGATION WAIVED; STEP-PARENT. Such investigation and period of residence may be waived by the court when the petition for adoption is submitted by a step-parent or when, upon good cause being shown, the court is satisfied that the proposed ~~foster~~ adoptive home and the child are suited to each other, but in either event at least ten days notice of the hearing shall be given to the commissioner by ~~registered~~ certified mail. The reports of investigations shall be a part of the court files in the case, unless otherwise ordered by the court.

Approved May 5, 1971.

CHAPTER 208—H.F.No.1127

[Coded in Part]

An act relating to home rule charters and charter commissions; amending Minnesota Statutes 1969, Section 410.05, Subdivisions 1 and 2, and by adding a subdivision.

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

Section 1. Minnesota Statutes 1969, Section 410.05, Subdivision 1, is amended to read:

410.05 HOME RULE CHARTERS; CHARTER COMMISSION.
 Subdivision 1. **APPOINTMENT.** When the district court of the judicial district in which a city or village is situated, deems it for the best interest of the municipality so to do, the court, acting through its ~~senior~~ chief judge, may appoint a charter commission to frame and amend a charter. The commission shall be composed of not less than seven nor more than 15 members, each of whom shall be a qualified voter of the city or village. The size of the commission shall be determined within the above limits by the court, except that where the commission is appointed pursuant to a petition of the voters or resolution of the governing body of the city or village, the size of the commission shall be as specified in such petition or resolution. Any

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