

hear such objections and shall make its order determining the matter so objected to.

(d) If the probate court upon a hearing on a representative's account allows a deduction different in amount than that used in the determination of the inheritance tax return as provided in the preceding subparagraph (b), or if the probate court in its decree assigning the property:

(i) assigns such property to a person or persons other than the person or persons reported on the inheritance tax return; or

(ii) distributes such property to the person or persons reported on the inheritance tax return in amounts or shares different than those reported thereon; or

(iii) determines the relationship between the decedent and any person to whom property is assigned as other than the relationship reported on the inheritance tax return,

the commissioner not later than 90 days after receipt of a copy of the court's order or decree adjusting, settling or allowing the account or assigning the property may issue an order adjusting the computation of the inheritance tax due in accordance therewith.

(e) The probate court may waive the filing of any inheritance tax return required by subparagraph (b) where it appears that no inheritance tax is due, but such waiver shall not limit the right of the commissioner to file a return pursuant to subdivision 3 hereof.

Sec. 2. Minnesota Statutes 1971, Section 291.09, Subdivision 6, is amended to read:

Subd. 6. Except as otherwise provided, the tax as determined and adjusted by the commissioner under the provisions of this chapter shall be the tax legally due and imposed thereunder.

Sec. 3. The provisions of this act shall be effective for all inheritance tax returns filed on and after July 1, 1973.

Approved May 7, 1973.

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## CHAPTER 185—H.F.No.1170

*An act relating to inheritance taxes; defining and prescribing inheritance tax rates and exemptions for certain donees; amending*

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*Minnesota Statutes 1971, Sections 291.005; 291.03; 291.05; 292.05, Subdivision 1; and 292.07, Subdivisions 3 and 5.*

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

Section 1. Minnesota Statutes 1971, Section 291.005, is amended to read:

**291.005 TAXATION; INHERITANCE TAX; RATES AND EXEMPTIONS; DEFINITIONS.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Representative" means and includes all executors of the will of a decedent and all administrators of any description, whether general or special, of a decedent's estate to whom letters are issued by a probate court of this state.

(2) "Probate Assets" means and includes all property of a decedent required by chapter 525 to be listed on a representative's inventory in a case where administration is to be had in a probate court of this state.

(3) "Non-Probate Assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(4) "Commissioner" means and refers to the Commissioner of Taxation of this state or any person or body within the state Department of Taxation to whom he may have delegated his functions under this chapter.

(5) "Dependent child" means a natural child of the decedent or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(6) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

Sec. 2. Minnesota Statutes 1971, Section 291.03, is amended to read:

**291.03 RATES.** When the property or any beneficial interest therein passes by any such transfer where the amount of the

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property shall exceed in value the exemption or exemptions hereinafter specified, where applicable, the tax hereby imposed shall be:

(1) Where the person entitled to any beneficial interest in such property shall be the widow, minor or dependent child of the decedent, or any minor or dependent legally adopted child at the following prescribed rates:

1½ percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

2 percent on the next \$25,000 or part thereof.

3 percent on the next \$50,000 or part thereof.

4 percent on the next \$50,000 or part thereof.

5 percent on the next \$50,000 or part thereof.

6 percent on the next \$100,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$100,000 or part thereof.

9 percent on the next \$500,000 or part thereof.

10 percent on the excess over \$1,000,000.

(2) Where the person or persons entitled to any beneficial interest in such property shall be the husband, adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 291.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:

2 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

4 percent on the next \$25,000 or part thereof.

6 percent on the next \$50,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

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8 percent on the next \$200,000 or part thereof.

9 percent on the next \$600,000 or part thereof.

10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or the husband of a daughter of the decedent, at the following prescribed rates:

6 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

8 percent on the next \$25,000 or part thereof.

10 percent on the next \$50,000 or part thereof.

12 percent on the next \$50,000 or part thereof.

14 percent on the next \$50,000 or part thereof.

16 percent on the next \$100,000 or part thereof.

18 percent on the next \$100,000 or part thereof.

20 percent on the next \$100,000 or part thereof.

22 percent on the next \$500,000 or part thereof.

25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

10 percent on the next \$25,000 or part thereof.

12 percent on the next \$50,000 or part thereof.

14 percent on the next \$50,000 or part thereof.

16 percent on the next \$50,000 or part thereof.

18 percent on the next \$100,000 or part thereof.

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20 percent on the next \$100,000 or part thereof.

22 percent on the next \$100,000 or part thereof.

26 percent on the next \$500,000 or part thereof.

30 percent on the excess over \$1,000,000.

Sec. 3. Minnesota Statutes 1971, Section 291.05, is amended to read:

291.05 **EXEMPTIONS.** The following exemptions from the tax are hereby allowed:

(1) Any devise, bequest, gift, or transfer to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any devise, bequest, gift, or transfer to or for the use of any corporation, fund, foundation, trust, or association operated within this state for religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any bequest or transfer to a trustee or trustees exclusively for such purposes, shall be exempt. Any devise, bequest, gift, or transfer, not to exceed \$1,000 made to a clergyman, the proceeds of which are to be used for religious purposes or rites designated by the testator, shall be exempt. Any devise, bequest, gift, or transfer to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any bequest or transfer to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.

(2) The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any

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minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$30,000 of the appraised value thereof.

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to the widow, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 291.10, or if no such maintenance is allowed, there shall be allowed to the widow an additional exemption equal in amount to the difference between the maximum deduction as provided by section 291.10 and the amount of such family maintenance allowed by the probate court. Further provided, where no probate proceedings are had there shall be allowed to the widow an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 291.10.

(4) (i) Property or any beneficial interest therein of the clear value of \$15,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no widow entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions of this clause (4). In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

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(5) Property or any beneficial interest therein of the clear value of \$6,000 transferred to the husband, any adult child or other lineal descendant of the decedent, any adult legally adopted child, stepchild as defined in section 291.005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property or any beneficial interest therein of the clear value of \$1,500 transferred to any brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or the husband of a daughter of the decedent, shall be exempt.

(7) Property or any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

Sec. 4. Minnesota Statutes 1971, Section 292.05, Subdivision 1, is amended to read:

**292.05 SPECIFIC EXEMPTIONS.** Subdivision 1. **PARTICULAR DONEES.** The following specific exemptions shall be deducted in computing the amount of the gifts made to any single donee:

(1) \$10,000, if the donee is the wife or minor or dependent child as defined in section 291.005, either by blood or by adoption, of the donor;

(2) \$5,000, if the donee is the husband, (2) an adult child, by blood or by adoption, other lineal descendant, a stepchild as defined in section 291.005, or any mutually acknowledged child of the donor, or lineal descendants of such adopted or mutually acknowledged children;

(3) \$3,000, if the donee is a lineal ancestor of the donor;

(4) \$1,000, if the donee is a class C donee, as specified in section 292.07;

(5) \$250, if the donee is a class D donee, as specified in section 292.07.

Sec. 5. Minnesota Statutes 1971, Section 292.07, Subdivision 3, is amended to read:

Subd. 3. **CREDITS.** A tax credit shall be allowed, in computing gift taxes due under this act, to the following donees in the following amounts:

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Wife of the donor. . . . \$300

Minor child, dependent child as defined in section 291.005, or any minor legally adopted child of the donor. . . . \$75

Husband, an adult child, by blood or by adoption, other lineal descendant, a stepchild as defined in section 291.005, or any mutually acknowledged child of the donor, or lineal descendants of such adopted, dependent or mutually acknowledged children or of a stepchild. . . . \$20

Lineal ancestors of the donor. . . . \$60

Brother or sister of the donor, a descendant of such brother or sister, a wife or widow of a son of the donor, and the husband of a daughter of the donor. . . . \$30

Brother or sister of the father or mother of the donor, and a descendant of a brother or sister of the father or mother of the donor. . . . \$40

All others. . . . \$20

The credit provided by this subdivision shall be allowed once only with respect to gifts by the donor to the same donee, and shall apply only to offset tax which would otherwise be due on gifts made on or after January 1, 1959.

Sec. 6. Minnesota Statutes 1971, Section 292.07, Subdivision 5, is amended to read:

Subd. 5. **CLASSES OF DONEES DEFINED.** Class A donees shall include only the wife and minor or dependent child, as defined in section 291.005, of the donor, and a minor or dependent legally adopted child of the donor. Class B donees shall include only the husband of the donor, adult child, stepchild as defined in section 291.005, or adult legally adopted child and the lineal issue of such stepchild or adopted child, lineal descendants and ancestors of the donor, any child of the donor to whom he or she has stood in the mutually acknowledged relation of parent for not less than ten years prior to the making of the gift if such relationship began at or before such child's fifteenth birthday and was continuous for ten years thereafter, and the lineal issue of such child. Class C donees shall include only a brother or sister of the donor, a descendant of such brother or sister, a wife or widow of a son of the donor, and the husband of a daughter of the donor. Class D donees shall include all donees other than those includible in the foregoing classes.

Sec. 7. This act shall be effective for all gifts made on or after January 1, 1973.

Approved May 7, 1973.

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