

Sec. 5. This act is effective upon approval by the governing body of the city of Willmar and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 21, 1973.

CHAPTER 470—H.F.No.847

An act relating to taxes on and measured by net income; net capital gain defined; amending Minnesota Statutes 1971, Section 290.16, Subdivision 3.

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

Section 1. Minnesota Statutes 1971, Section 290.16, Subdivision 3, is amended to read:

Subd. 3. **TAXATION; NET CAPITAL GAIN; DEFINITIONS.**
As used in this section:

(1) The term "capital assets" shall mean property held by the taxpayer (whether or not connected with his trade or business), but does not include

(a) stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or

(b) property, used in the trade or business, of a character which is subject to the allowance for depreciation provided in section 290.09, subdivision 7, or amortization allowance provided in section 290.09, subdivision 11, or real property used in the trade or business of the taxpayer, or

(c) accounts or notes receivable acquired in the ordinary course of trade or business for services rendered or from the sale of property described in subparagraph (a);

(2) The term "short-term capital gain" means gain from the sale or exchange of a capital asset held for not more than six months, if and to the extent such gain is taken into account in computing gross income;

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

(3) The term "short-term capital loss" means loss from the sale or exchange of a capital asset held for not more than six months, if and to the extent such loss is taken into account in computing net income;

(4) The term "long-term capital gain" means gain from the sale or exchange of a capital asset held for more than six months, if and to the extent such gain is taken into account in computing gross income;

(5) The term "long-term capital loss" means loss from the sale or exchange of a capital asset held for more than six months, if and to the extent such loss is taken into account in computing net income;

(6) The term "net short-term capital gain" means the excess of short-term capital gains for the taxable year over the short-term capital losses for such year;

(7) The term "net short-term capital loss" means the excess of short-term capital losses for the taxable year over the short-term capital gains for such year;

(8) The term "net long-term capital gain" means the excess of long-term capital gains for the taxable year over the long-term capital losses for such year;

(9) The term "net long-term capital loss" means the excess of long-term capital losses for the taxable year over the long-term capital gains for such year.

(10) The term "net capital gain" means the excess of (i) ~~the sum of the gains from the sales or exchanges of capital assets, plus net income of the taxpayer or \$1,000, whichever is smaller, over (ii) the losses from such sales or exchanges. For this purpose, net income shall be computed without regard to gains or losses from sales or exchanges of capital assets.~~

(11) The term "net capital loss" means the excess of the losses from sales or exchanges of capital assets over the sum allowed under subdivision 5. For the purpose of determining losses under this paragraph, amounts which are short-term capital losses under subdivision 6 shall be excluded.

Sec. 2. The provisions of this act shall apply to taxable years beginning after December 31, 1972.

Approved. May 21, 1973.

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