

1/4 of SW 1/4), Section 25, Township 53 North, Range 11 West of the Fourth Principal Meridian which lies East of the main line of the Duluth Missabe & Iron Range Railway Company;

for use as sites for industries in the county notwithstanding the provisions of Minnesota Statutes, Section 373.01 and is authorized to expend funds in order to provide for the extension of existing sewage, water, and gas lines to such sites.

Sec. 2. This act shall become effective only after its approval by the county board of Lake county, and upon compliance with Minnesota Statutes, Section 645.021.

Approved April 11, 1974.

CHAPTER 556—H.F.No.3707
[Coded in Part]

An act relating to taxation; imposing certain credits on taxes measured by net income; eliminating the tax on oleomargarine; providing for stumpage values in computing certain taxes; providing for omitted taxes on iron ore; imposing an income tax on certain corporations; establishing the means for valuing certain real property and property owned by certain disabled persons; imposing taxes on certain tobacco products; providing for taconite taxes; and waiving the collection of credits or refunds of certain taxes; amending Minnesota Statutes 1971, Sections 33.10, Subdivision 1, and by adding a subdivision; 270.35; 270.38, Subdivision 5; 273.02, by adding subdivisions; 290.02; 290.06, by adding a subdivision; 290.086, by adding a subdivision; 297.31, Subdivision 2; 297.32, Subdivisions 1 and 2; 297A.251; 298.03; and Minnesota Statutes, 1973 Supplement, Sections 273.11, Subdivision 2; and 273.13, Subdivision 7.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[290.011] TAXATION; ADJUSTMENTS; PUBLIC POLICY.** It is declared to be the public policy of the state of Minnesota that taxation of the income of individuals who do not earn enough to support themselves or their dependents adequately is unfair. To remedy this, a tax credit shall be granted to these individuals sufficient to offset their income tax liability.

Sec. 2. **[290.012] DEFINITIONS.** Subdivision 1. For the purposes of sections 2 and 3, the terms defined in this section have the meanings given them unless the context clearly requires otherwise.

Subd. 2. "Claimant" means the individual taxpayer whose income, together with that of his spouse, if any, brings him within the provisions of sections 2 and 3.

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Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in section 290.072, subdivision 3, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 3, a spouse except a divorced or separated spouse shall be considered to be a dependent.

Subd. 4. "Income" means the sum of gross income as defined in Minnesota Statutes, Section 290.01, Subdivision 20, net income from sources outside the state, alimony, support money, and relief, not including relief granted under unemployment compensation, the gross amount of any pension or annuity, including railroad retirement benefits, all payments received under the federal social security act, and veterans disability pensions, nontaxable interest received from the state or federal governments or any of their instrumentalities, the gross amount of "loss of time" insurance and cash public assistance and relief, not including relief granted under sections 290.0601 to 290.0618. It does not include gifts from nongovernmental sources, or surplus food or other relief in kind supplied by a governmental agent.

Sec. 3. Minnesota Statutes 1971, Section 290.06, is amended by adding a subdivision to read:

Subd. 3d. CREDITS AGAINST TAX. The taxes due as computed in accordance with section 290.06, subdivision 2c and 3c shall be credited with the following amounts:

(1) A credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of \$3,200 or less;

(b) A claimant with one dependent, with an income of \$3,800 or less;

(c) A claimant with two dependents, with an income of \$4,600 or less;

(d) A claimant with three dependents, with an income of \$5,400 or less;

(e) A claimant with four dependents, with an income of \$6,000 or less; and

(f) A claimant with five or more dependents, with an income of \$6,400 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of sections 2 and 3.

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whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision. No dependent may be a claimant under sections 2 and 3. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of sections 2 and 3. All claimants shall submit their returns on these forms.

Sec. 4. **EFFECTIVE DATE.** Sections 1 to 3 are effective for taxable years beginning January 1, 1975.

Sec. 5. Minnesota Statutes 1971, Section 33.10, Subdivision 1, is amended to read:

33.10 TAX ON OLEOMARGARINE. Subdivision 1. There is hereby imposed, levied, and assessed an inspection fee and excise tax ~~of ten cents~~ in the amount specified in section 6 upon each pound of oleomargarine which: (1) is artificially colored to a shade of yellow which has a tint containing more than one and six-tenths degrees of yellow, or of yellow and red collectively, but with an excess of yellow over red, as measured in terms of the Lovibond tintometer scale, and (2) is sold, offered or exposed for sale, or given or delivered to a consumer. Such fee and tax shall be paid to the commissioner of taxation prior to any such sale, gift, or delivery, except where otherwise provided in cases where tax metering devices are used.

Sec. 6. Minnesota Statutes 1971, Section 33.10, is amended by adding a subdivision to read:

Subd. 3. The inspection fee and excise tax on oleomargarine provided for in subdivisions 1 and 2 of this section shall be in the amounts and for the periods of time set out in the following schedule:

<u>Period of Time</u>	<u>Tax per pound</u>
<u>July 1, 1974 to June 30, 1975</u>	<u>5 cents</u>
<u>July 1, 1975 and thereafter</u>	<u>none</u>

Sec. 7. Minnesota Statutes 1971, Section 270.35, is amended to read:

270.35 STUMPAGE VALUE, USE IN COMPUTING TAX. The stumpage value for each species to be used in computing the tax in any county shall be computed in each even numbered year and shall be the average sale price received by the ~~county-state~~ upon all of its sales of sound standing timber of the species during the previous two calendar years. In the event there have been no sales of the species or products within the county within the previous two calendar years, or less than 500 cords of the various products have been sold which is insufficient to estimate a fair and equitable stumpage price for the various products grown, ~~the county board, with the approval of the com-~~

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missioner of natural resources ; shall set a stumpage price for such species, with the right of appeal by any aggrieved persons to the commissioner of taxation as set forth in section 270.34 in the event any such person deems himself to be aggrieved by such determination.

Sec. 8. Minnesota Statutes 1971, Section 270.38, Subdivision 5, is amended to read:

Subd. 5. The owner of any timber lands made subject to sections 270.31 to 270.39 may at any time apply to withdraw any governmental subdivisions from taxation under sections 270.31 to 270.39. Such application made in writing and giving the reasons for withdrawal may be approved by the county board subject to the payment of all back taxes and penalties on the basis of ad valorem taxes in the area giving due credit for taxes paid under sections 270.31 to 270.39; provided that after an agreement has been in effect for more than ~~six-ten~~ years, ~~no~~ penalties ~~or~~ ~~and~~ ad valorem taxes as above specified shall be assessed and the owner shall ~~not~~ be required to pay such penalties ~~or~~ ~~and~~ ad valorem taxes only for the ten years prior to the date of withdrawal from the agreement . If approved, the lands shall be deemed to be withdrawn from taxation under sections 270.31 to 270.39 and shall be returned to taxation under the general real property tax law beginning with the calendar year next immediately following the date upon which the withdrawal was approved by the county board.

Sec. 9. **EFFECTIVE DATE.** Sections 7 and 8 are effective for taxable years beginning January 1, 1974 and thereafter.

Sec. 10. Minnesota Statutes 1971, Section 273.02, is amended by adding a subdivision to read:

Subd. 4. IRON ORE. Newly discovered iron ore shall be entered on the assessment books for the six years immediately preceding the year of discovery and taxed as omitted property. The tax on such omitted property shall be determined by applying the rates of levy for the respective years in which the property was omitted. This subdivision shall not apply to any iron ore discovered in the course of mining operations, which has not been known to exist by drillings or operations in previous years, provided that the company that would otherwise be taxed therefor is not a company that would be disqualified from receiving discount credits pursuant to Minnesota Statutes, Section 298.031, Subdivision 3.

Sec. 11. Minnesota Statutes 1971, Section 273.02, is amended by adding a subdivision to read:

Subd. 5. Any taxpayer having paid real estate taxes on valuations of iron ore, considered to be commercially mineable, which was believed to have existed, and was subsequently determined not to exist, may apply to the commissioner of revenue for a refund of taxes paid thereon, as provided herein. Such application for refund shall be filed

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in the year in which it is determined that the iron ore does not exist. No refund shall be made for taxes paid or payable more than six years previous to the date of said application. The refunds shall be paid from the special fund established in subdivision 6 of this section, and so much as is needed to pay such refunds is hereby appropriated.

Sec. 12. Minnesota Statutes 1971, Section 273.02, is amended by adding a subdivision to read:

Subd. 6. The taxes collected in accordance with subdivision 4 of this section shall be transmitted by the county treasurer to the state treasurer and deposited in a special fund. There shall be paid from this special fund the amount of refunds determined in accordance with subdivision 5 of this section. In the event the amount in such fund is not sufficient to pay such refunds, the refunds shall be paid as soon as sufficient amounts are available in the fund.

The balance in such fund shall be distributed at the end of each fiscal year to the iron range resources and rehabilitation commission account.

Sec. 13. Sections 10 to 12 are effective for the calendar year 1974 and subsequent years.

Sec. 14. Minnesota Statutes, 1973 Supplement, Section 273.11, Subdivision 2, is amended to read:

Subd. 2. In the case of property described in section 273.13, subdivisions 6, 7, 7B, 10, 12, 17, 17b, and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes ~~where such property is held by the same owner, by the surviving spouse of a deceased owner, or by a surviving joint tenant, for a period of one year prior to any assessment date~~, the assessor after determining the value of any such property shall compare the value with that determined in the preceding assessment. If the increase exceeds five percent of the preceding valuation, the amount of the increase entered in the current assessment shall not exceed five percent; the excess (not exceeding five percent of the latest assessors market valuation ~~or the full amount of the excess if the property is no longer held by the same owner, by the surviving spouse of a deceased owner, or by a surviving joint tenant~~) may be entered in the following years assessment, notwithstanding the provisions of section 273.17.

Sec. 15. **EFFECTIVE DATE.** Section 14 is effective for the calendar year 1974 and thereafter.

Sec. 16. Minnesota Statutes, 1973 Supplement, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. **CLASS 3C, 3CC.** All other real estate and class 2a prop-
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erty, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 25 percent of the market value thereof. The property tax to be paid on class 3c property as otherwise determined by law, regardless of whether or not the market value is in excess of \$12,000, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of \$12,000, the amount in excess of that sum shall be valued and assessed at 40 percent of market value. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. All real estate which is used for the purposes of a homestead by any blind person, as defined by section 256.12, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or by any person (hereinafter referred to as veteran) who served in the active military or naval service of the United States and who is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheel chair, and who with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability ; or by any person who is permanently and totally disabled and who is receiving aid from any state as a result of that disability, or who is receiving Supplemental Security Income for the disabled, or who is receiving Workmen's Compensation based on a finding of total and permanent disability, or who is receiving Social Security Disability, which aid is at least 90 percent of the total income of such disabled person from all sources , shall constitute class 3cc and shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, regardless of whether or not the market value is in excess of \$12,000, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of \$24,000, the amount in excess of that sum shall be valued and assessed at 33 1/3 percent in the case of agricultural land used for a homestead and 40 percent in the case of all other real estate used for a homestead.

Sec. 17. Section 16 is effective for taxes levied in 1974 and payable in 1975 and thereafter.

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Sec. 18. Minnesota Statutes 1971, Section 290.02, is amended to read:

290.02 INCOME TAX ON CORPORATIONS; IMPOSITION, MEASUREMENT. An annual ~~excise-income~~ tax is hereby imposed upon every domestic corporation, except those included within section 290.03, for the privilege of existing as a corporation during any part of its taxable year, and upon every foreign corporation doing business within this state, except those included within section 290.03, including but not limited to railroad companies for the grant to it of the privilege of transacting or for the actual transaction by it of any local business within this state during any part of its taxable year, in corporate or organized form.

The tax so imposed shall be measured by such corporations' taxable net income for the taxable year for which the tax is imposed, and computed in the manner and at the rates provided in this chapter.

The legislature finds that the income tax imposed by this section is not a tax or assessment upon real estate, roads, rolling stock, or other personal property of railroad companies within the contemplation of Article IV, Section 32(a) of the Minnesota Constitution.

Sec. 19. **EFFECTIVE DATE.** Section 18 is effective for taxable years beginning January 1, 1975.

Sec. 20. Minnesota Statutes 1971, Section 290.086, is amended by adding a subdivision to read:

Subd. 9. The commissioner shall not require reimbursement or restitution of any such credits or refunds previously granted, where such recipients were legally entitled thereto under laws in effect at the time such claim was filed by the applicant, or to seek recovery of any such amounts by legal action.

Sec. 21. **EFFECTIVE DATE.** Section 20 is effective on the day following final enactment.

Sec. 22. Minnesota Statutes 1971, Section 297.31, Subdivision 2, is amended to read:

Subd. 2. (a) "Tobacco products" means cigars; little cigars as defined herein; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking; but shall not include cigarettes as defined in Minnesota Statutes, Section 297.01, Subdivision 2.

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(b) "Little cigar" means any roll for smoking, made wholly or in part of tobacco, which has a factory list price not exceeding \$12 per thousand, irrespective of size or shape and irrespective of whether the tobacco is flavored, adulterated or mixed with any other ingredient, where such roll has a wrapper or cover made wholly or in part of tobacco, and where such roll weighs not more than three pounds per thousand.

Sec. 23. Minnesota Statutes 1971, Section 297.32, Subdivision 1, is amended to read:

297.32 TAX ON TOBACCO PRODUCTS. Subdivision 1. A tax is hereby imposed upon all tobacco products in this state and upon any person engaged in business as a distributor thereof, at the rate of 20 percent of the wholesale sales price of such tobacco products except little cigars as defined in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes in section 297.02, subdivision 1, clause (1), subject to the discount provided in section 297.35, subdivision 1. Such tax shall be imposed at the time the distributor (1) brings, or causes to be brought, into this state from without the state tobacco products for sale; (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

Sec. 24. Minnesota Statutes 1971, Section 297.32, Subdivision 2, is amended to read:

Subd. 2. A tax is hereby imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the rate of 20 percent of the cost of such tobacco products, except little cigars as defined in section 297.31, subdivision 2, clause (b). Little cigars shall be subject to the same rate of tax imposed on cigarettes in section 297.22, subdivision 1, clause (1).

The tax imposed by this subdivision shall not apply if the tax imposed by subdivision 1 on such tobacco products has been paid.

This tax shall not apply to the use or storage of tobacco products in quantities of:

1. Not more than 50 cigars;
2. Not more than 10 oz. snuff or snuff powder;
3. Not more than 1 lb. smoking or chewing tobacco or other tobacco products not specifically mentioned herein, in the possession of any one consumer.

Sec. 25. **EFFECTIVE DATE.** Sections 22 to 24 shall be effective on the day following final enactment, and shall apply to little cigars as

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defined in section 22, in the possession of distributors, as defined in Minnesota Statutes, Section 297.01, Subdivision 7, on the effective date.

Sec. 26. Minnesota Statutes 1971, Section 297A.251, is amended to read:

297A.251 TACONITE PLANT MATERIAL; EXEMPTIONS. Notwithstanding the provisions of chapter 297A, there shall be exempt from the tax imposed therein, all materials and supplies or equipment consumed in constructing or incorporated into the construction of a new taconite plant or the expansion of an existing plant the construction of which is commenced prior to ~~July-February 1, 1974-1975~~, which are purchased and used or consumed in connection with such construction, or incorporated into such taconite plant prior to July 1, 1978, provided that in the case of the expansion of an existing plant, such construction results in an increase in productive capacity of at least 10 percent.

Sec. 27. Minnesota Statutes 1971, Section 298.03, is amended to read:

298.03 VALUE OF ORE; HOW ASCERTAINED. The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of ~~taxation-revenue~~ :

(1) The reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body, including hoisting, elevating, or conveying the same to the surface of the earth;

(2) If the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of ~~taxation-revenue~~ ;

(3) If the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore than can be advantageously taken out through such shafts and drifts, the number of tons of ore than can be advantageously taken out in each case to be determined by the commissioner of ~~taxation-revenue~~ ;

(4) The amount of royalties paid on the ore mined or produced during the year;

(5) A percentage of the ad valorem taxes levied for such year

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against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) In the case of taconite, semi-taconite and iron sulphide operations, the tax payable under Minnesota Statutes, Sections 298.24 and 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, Chapters 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) The amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of ~~taxation-revenue~~ . Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore, except that which can be measured in a manner determined by the commissioner of revenue. In no case shall the shrinkage subtraction exceed one fourth of one percent of the value of the ore.

Sec. 28. **EFFECTIVE DATE.** Except as provided herein, the provisions of this act shall be effective on July 1, 1974.

Approved April 10, 1974.

CHAPTER 557—H.F.No.3712
[Coded in Part]

An act relating to claims against the state; appropriating moneys for the payment thereof; amending Minnesota Statutes 1971, Section 3.732, Subdivisions 2, 4 and 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. CLAIMS AGAINST THE STATE; APPROPRIATION.
Subdivision 1. There is appropriated from any moneys in the state treasury, not otherwise appropriated, the sums of money set forth in this section to the persons named therein in full and final payment of claims against the state.

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| Subd. 2. | Town of Hay Creek, Minnesota, for damage done to the town's bridge caused by the department of natural resources hauling heavy loads of crushed rock across the bridge | \$2,000.00 |
| Subd. 3. | Arland Bebensee, Rural Route 2, Ivanhoe, Minnesota, for loss of two cows following testing for Bang's | |

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