

contract shall be treated for purposes of this paragraph as if they included interest equal to six percent of the average unpaid balance under the contract during the taxable year, and such interest shall be allowed as a deduction. For purposes of the preceding sentence, the average unpaid balance is the sum of the unpaid balance outstanding on the first day of each month beginning during the taxable year, divided by 12. In the case of any contract to which this paragraph applies, the amount treated as interest for any taxable year shall not exceed the aggregate carrying charges which are properly attributable to such taxable year.

For purposes of this subdivision the term "educational services" means any service including lodging which is purchased from an educational institution (as defined in section 151(e) (4) of the Internal Revenue Code of 1954, as amended through December 31, 1976) and which is provided for a student of such institution.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 1, subdivision 1 of this act, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

Sec. 4. Minnesota Statutes 1978, Chapter 290, is amended by adding a section to read:

[290.165] INTEREST ON REVERSE MORTGAGE LOANS; HOW TAKEN INTO ACCOUNT IN COMPUTING NET INCOME. Irrespective of the accounting basis used for tax computation purposes, any lender as defined in section 1, subdivision 1, who enters into a reverse mortgage loan or purchases an obligation representing a reverse mortgage loan may elect to include as part of its yearly earned income any accrued interest charged to the outstanding loan balance of its borrower pursuant to section 1, subdivision 5 of this act. This election must be made, if at all, in the first taxable year in which interest is charged by the lender on the outstanding loan balance and, if made, shall be binding on the lender for each subsequent taxable year until the loan is repaid in full. When accrued interest is charged to the outstanding loan balance pursuant to this section it shall be recognized as earned income to the lender on a monthly basis.

Sec. 5. This act is effective January 1, 1980. Sections 3 and 4 are effective for taxable years commencing after December 31, 1979.

Approved May 30, 1979.

CHAPTER 266—S.F.No.481

An act relating to transportation; appropriating money to the department of transportation for the purpose of providing operating subsidies for Medicine Lake transit service under certain conditions.

Changes or additions indicated by underline deletions by strikeout

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

Section 1. **APPROPRIATION; DEPARTMENT OF TRANSPORTATION.** The sum of \$205,000 is appropriated from the general fund to the department of transportation to be available until June 30, 1979, for the purpose of providing transit operating subsidies to the Medicine Lake Lines. This appropriation is available to subsidize operations from February 1, 1979, to June 30, 1979; however for service rendered from April 9, 1979, to June 30, 1979, the subsidy shall be paid only for service that meets the regular route service standards for private operators in the metropolitan area, as submitted by the commissioner of transportation to the legislature on April 5, 1979. This appropriation or any other public subsidy to the Medicine Lake Lines is not available unless the complete financial records of the Medicine Lake Lines are available for inspection by the department of transportation.

Sec. 2. **EFFECTIVE DATE.** This act is effective the day following its final enactment.

Approved May 30, 1979.

CHAPTER 267—S.F.No.709

An act relating to game and fish; affording protection to the badger; authorizing a season thereon; amending Minnesota Statutes 1978, Sections 100.26, Subdivision 1; and 100.27, Subdivision 3.

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

Section 1. Minnesota Statutes 1978, Section 100.26, Subdivision 1, is amended to read:

100.26 UNPROTECTED ANIMALS. Subdivision 1. Weasel, coyote (brush wolf), gopher, porcupine, ~~badger~~, and all other quadrupeds for which no closed season or other protection is accorded by chapters 97 to 102, are unprotected animals and may be taken either in the daytime or at night, and in any manner, except with the aid of artificial lights, and possessed, bought, sold or transported in any quantity, provided that for the safety of humans and domestic stock, poison may not be used in the taking thereof, except in the manner authorized by section 18.022. It shall be unlawful to intentionally drive, chase, run over or kill with any motor propelled vehicle any unprotected animals.

Sec. 2. Minnesota Statutes 1978, Section 100.27, Subdivision 3, is amended to read:

Subd. 3. The commissioner shall prescribe by order the areas within the state and any other restrictions under which the following animals may be taken and possessed, subject to all other provisions of chapters 97 to 102, between the dates, if any, set opposite the species:

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