

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

Section 1. **Taxation, department of; appropriation.** There is appropriated to the department of taxation from the income tax school fund in the state treasury the sum of \$150,000 for salaries, supplies, and expenses in administering the withholding tax provisions of the income tax law for the fiscal year ending June 30, 1963.

Section 2. This act is in effect upon final enactment.

Approved April 5, 1963.

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CHAPTER 182—S. F. No. 350

*An act relating to inheritance and transfer taxes; amending Minnesota Statutes 1961, Section 291.01, Subdivision 5.*

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

Section 1. Minnesota Statutes 1961, Section 291.01, Subdivision 5, is amended to read:

Subd. 5. **Inheritance tax; life insurance policies.** (1) The proceeds of all life or accident insurance policies taken out by decedent and payable on account of his death, receivable by named beneficiaries; shall be subject to the tax herein imposed, as follows: *whether now in force or hereafter issued, payable on account of the decedent's death shall be subject to the tax herein imposed, as follows:*

(a) ~~The proceeds of all such policies hereafter issued payable to named beneficiaries:~~ *(a) To the extent of the amount receivable by the executor of the decedent as insurance under policies on the life of the decedent.*

(b) ~~The proceeds of all such policies now in force payable to named beneficiaries in which the insured has the right to change the beneficiary or under which he has cash surrender right:~~ *(b) To the extent of the amount receivable by all other beneficiaries as insurance under policies on the life of the decedent with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. For purposes of the preceding sentence, the term "incident of ownership" includes a reversionary interest (whether arising by the express terms of the policy or other instrument or by operation of law) only if the value of such reversionary interest exceeded five*

**Changes or additions indicated by italics, deletions by ~~strikeout~~.**

*percent of the value of the policy immediately before the death of the decedent. As used in this paragraph, the term "reversionary interest" includes a possibility that the policy, or the proceeds of the policy, may return to the decedent or his estate, or may be subject to a power of disposition by him. The value of a reversionary interest at any time shall be determined (without regard to the fact of the decedent's death) by usual methods of valuation, including the use of tables of mortality and actuarial principles, pursuant to regulations prescribed by the commissioner of internal revenue or his delegate. In determining the value of a possibility that the policy or proceeds thereof may be subject to a power of disposition by the decedent, such possibility shall be valued as if it were a possibility that such policy or proceeds may return to the decedent or his estate.*

(2) Such proceeds shall be deemed a transfer within the meaning of that term as used in this chapter and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto.

(3) Every corporation, partnership, association, individual, order or society authorized to transact life, accident, fraternal, mutual benefit, or death benefit insurance business which shall pay to any person, association, or corporation any insurance or death benefit in excess of \$1,000 or shall transfer any unpaid balance of, or any interest in, any annuity contract or deposit, upon the death of a resident of this state, shall give notice of such payment or transfer to the commissioner of taxation within ten days from the date thereof. Such notice shall be given on the forms prescribed by the commissioner of taxation, and such notice shall set forth such information as the commissioner of taxation shall prescribe.

(4) The commissioner of taxation shall determine the tax, if any, under subdivision 5.

Approved April 5, 1963.

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#### CHAPTER 183—S. F. No. 414

*An act relating to armories and other military property, including the use thereof; amending Minnesota Statutes 1961, Sections 193.143; 193.145, Subdivisions 2 and 4; and 193.36, Subdivision 2.*

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

Section 1. Minnesota Statutes 1961, Section 193.143, is amended to read:

**Changes or additions indicated by *italics*, deletions by ~~strikeout~~.**