

scribed by this charter to do so and shall do so in accordance with the provisions of this chapter of Minnesota Statutes and the rules and regulations of the board of barber examiners for barber schools but without the requirement to file a performance bond with the secretary of state.

Approved May 31, 1967.

EXTRA SESSION

CHAPTER 32—H. F. No. 27

[Coded in Part]

An act providing relief to real and personal property taxpayers, and certain real property tenants; imposing certain excise and other taxes; providing for the disposition of the proceeds thereof; amending Minnesota Statutes 1965, Sections 272.02; 272.03, Subdivision 8 and by adding a subdivision; 272.161; 273.072, Subdivisions 1 and 5; 273.08; 273.10; 273.11; 273.13, Subdivisions 4, 6, and 7; 274.01; 276.04; 287.21; 290.06, Subdivisions 1, 4, and 6, and by adding subdivisions; 290.09, Subdivision 4; 290.361, Subdivisions 2, 6, and 7; 290.92 by adding a subdivision; Chapter 295, by adding a section; Sections 298.011; 299.011; 340.47, Subdivision 5; Chapter 354, by adding a section; Section 354.43, Subdivision 2; Section 375.192; repealing Minnesota Statutes 1965, Sections 273.071; 273.13, Subdivision 8; 290.06, Subdivisions 2a, 3, and 8; 290.92, Subdivision 2; and repealing Laws 1965, Chapter 884, Article 1, Section 8.

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

ARTICLE I

Section 1. **[6.32] Tax reform and relief act of 1967; property tax relief fund; creation; function.** *A property tax relief fund is hereby created in the state treasury. All funds made available from any sources to be deposited in the state treasury to the credit of such fund shall be deposited therein. All moneys to be paid from such fund pursuant to the provisions of this act or any other law are hereby appropriated annually from said fund for the purpose for which payment is to be made.*

Sec. 2. Minnesota Statutes 1965, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. **Class 3b.** All real estate which is rural in char-

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acter and devoted or adaptable to rural but not necessarily agricultural use, except as provided by class 1 hereof, and which is used for the purposes of a homestead, shall constitute class 3b and shall be valued and assessed at 20 percent of the full and true value thereof. *The property tax to be paid on class 3b property as otherwise determined by law not exceeding 80 acres, regardless of whether or not the true and full value is in excess of \$4,000, for all purposes except the payment of principal and interest on bonded indebtedness, shall be reduced by 35 percent of the tax; provided that the amount of said reduction shall not exceed \$250.* If the full and true value is in excess of the sum of \$4,000, the amount in excess of that sum shall be valued and assessed as provided for by class 3. The first \$4,000 full and true value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except that the first \$4,000 full and true value shall remain subject to and be taxed (1) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and existing at the time of the passage of this section; and (2) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and existing at the time of the passage of this act under a law which subjects such real estate to taxation notwithstanding the provisions of this subdivision as specifically provided otherwise by law.

Sec. 3. Minnesota Statutes 1965, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. **Class 3c, 3cc.** All other real estate, 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 full and true value thereof. *The property tax to be paid on class 3c property as otherwise determined by law, regardless of whether or not the true and full value is in excess of \$4,000, for all purposes except the payment of principal or interest on bonded indebtedness, shall be reduced by 35 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$250.* If the full and true value is in excess of the sum of \$4,000, the amount in excess of that sum shall be valued and assessed as provided for by class 4. The first \$4,000 full and true value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except that the first \$4,000 full and true value shall remain subject to and be taxed (1) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and exist-

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ing at the time of the passage of this section, and (2) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and existing at the time of the passage of this act under a law which subjects such real estate to taxation notwithstanding the provisions of this subdivision *as specifically provided otherwise by law*. All real estate which is used for the purposes of a homestead 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, shall constitute class 3cc and shall be valued and assessed at five percent of the full and true value thereof. *The property tax to be paid on class 3cc property as otherwise determined by law, regardless of whether or not the true and full value is in excess of \$4,000, for all purposes except the payment of principal or interest on bonded indebtedness, shall be reduced by 35 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$250.* If the full and true value is in excess of the sum of \$8,000, the amount in excess of that sum shall be valued and assessed as for by class 4.

Sec. 4. [273.13] [Subd. 15.] **Fax relief fund, replacement of revenue.** *Subdivision 1. Payment from the property tax relief fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in sections 2 and 3.*

Subd. 2. Each county auditor shall certify, not later than May 1 of each year commencing in 1968, to the state treasurer the amount of reduction resulting from sections 2 and 3 in his county.

Subd. 3. The state treasurer shall pay out of the property tax relief fund to each county treasurer one half of the amount certified under subdivision 2 not later than June 15 and the remaining half not later than November 15 of each year commencing in 1968.

Subd. 4. The county treasurer shall distribute the funds received by him under subdivision 3 as if they had been collected as a part of the property tax reduced by sections 2 and 3.

Sec. 4a. [290.065] **Transfers to the property tax relief fund.** *The additional taxes imposed by Section 1 of Article XII*

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shall be transferred periodically from the income tax school fund to the property tax relief fund.

Sec. 4b. *On July 1, 1967, and on July 1, 1968, there is hereby transferred from the income tax school fund in the state treasury to the property tax relief fund the sum of \$25,000,000 and on the same dates there is also transferred from the general revenue fund in the state treasury to the property tax relief fund the sum of \$25,000,000. The moneys required to make the foregoing transfers are hereby appropriated for such purposes.*

Sec. 5. **[295.021] Disposition of gross earnings taxes.** *One-half of the taxes paid into the state treasury pursuant to Minnesota Statutes 1965, Section 295.02 by railroad companies as defined by Minnesota Statutes 1965, Section 295.01, shall be deposited to the credit of the property tax relief fund.*

Sec. 6. Minnesota Statutes 1965, Chapter 295, is amended by adding a section to read:

[295.361] Distribution. *One half of the proceeds of the taxes collected under sections 295.34 to 295.36 shall be deposited in the state treasury and credited to the "Property Tax Relief Fund" and the balance to the general revenue fund.*

Sec. 7. **[6.321] Legislative advisory committee.** (a) *Whenever it becomes necessary in order to meet the current demands upon the property tax relief fund for the payment of warrants issued or to be issued against said fund pursuant to appropriations, the governor, after securing the recommendation of the legislative advisory committee, which shall be advisory only, or if there be no such committee, the governor, the state auditor, and the state treasurer, as a special committee, at any time prior to June 30, 1969, may authorize the issuance and sale of certificates of indebtedness of the state, pursuant to and in accordance with Article IX, Section 6, of the Constitution, in anticipation of the collection of taxes levied for the property tax relief fund, and any other revenues appropriated to that fund for expenditure during the biennium beginning July 1, 1967, in such amount as may be necessary to pay such warrants. The certificates shall be executed by the state auditor and attested by the state treasurer under their official seals, and shall be numbered serially and shall be of such denomination and shall bear such dates of issue and maturity and such rates of interest as the auditor shall determine, provided that no such certificates shall mature later than June 30, 1969, and provided further that the aggregate amount of such certificates at any time outstanding, and not previously repaid, shall not exceed \$50,000,000 and shall not ex-*

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ceed the limitation stated in the Constitution, Article IX, Section 6, Subdivision 3. The failure or refusal of the advisory committee, if there be one, to make a recommendation promptly shall be deemed a negative recommendation. If moneys on hand in the property tax relief fund are not sufficient to pay any such certificates at maturity, with interest thereon, the same may be refunded by the issuance of any certificates maturing not later than December 1, 1970. If moneys on hand in said fund are not sufficient to pay all certificates of indebtedness issued thereon and outstanding on December 1, 1969, the state auditor shall levy a tax for the payment of all such certificates and interest thereon, in accordance with the Constitution, Article IX, Section 6, Subdivision 3. Certificates issued and sold pursuant to this act shall be retired out of the receipts of the property tax relief fund appropriated to the payment of warrants which are issued against said fund but are taken up with the proceeds of such certificates. So much thereof as may be necessary is hereby appropriated from the property tax relief fund and made available for the fiscal year beginning July 1, 1967, to pay the interest upon such certificates. Any balance of this appropriation remaining on June 30, 1968, shall not cancel but be available for the second year of the biennium.

(b) The state board of investment, or its successor in authority, is hereby authorized to purchase the certificates of indebtedness herein authorized for any fund which it is authorized to invest, provided, it shall not purchase any such certificates bearing interest at the rate of less than one and one-half percent per annum.

(c) For the purpose of supplying deficiencies in the property tax relief fund, the treasurer may temporarily advance money to that fund from other public funds, not exceeding the aggregate \$50,000,000 in any year; provided that no fund shall be so impaired thereby that all proper demands thereon cannot be met. The power hereby conferred upon the treasurer is in addition to any other similar authority conferred by law.

Sec. 8. The provisions of sections 5 and 6 of this article shall be effective January 1, 1968.

ARTICLE II

Section 1. Minnesota Statutes 1965, Section 290.06, Subdivision 8, is repealed.

Sec. 2. This article is effective for taxable years commencing after December 31, 1966.

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ARTICLE III

Section 1. **[6.33] State bond fund, appropriations.** *Subdivision 1. In order to reduce the amount of taxes otherwise required to be levied, there is hereby appropriated annually to the state bond fund from the property tax relief fund in the state treasury such sums of money sufficient in amount when added to the balance on hand in the state bond fund to pay all principal and interest on state bonds issued for the purposes set forth in subdivision 2, due and to become due within the then ensuing year and including July 1 in the second ensuing year. The moneys received and on hand pursuant to the appropriation annually made by this subdivision are available in the state bond fund prior to the levy of the tax in any year required by the Constitution, Article 9, Section 6, Subdivision 4, and shall be used to reduce the amount of the tax otherwise required to be levied.*

Subd. 2. The state bonds referred to in subdivision 1 are those issued pursuant to the Constitution, Article 9, Section 6, Subdivision 2 to provide funds for the acquisition and betterment of public land and buildings and other public improvements of a capital nature or for refunding certificates of indebtedness authorized by the legislature prior to January 1, 1963.

Subd. 3. In order to reduce the amount of taxes otherwise required to be levied, there is appropriated annually to the Minnesota state building fund from the property tax relief fund in the state treasury such sums of money sufficient in amount when added to the balance on hand in such state building fund to pay all principal and interest on certificates of indebtedness issued for the purpose of providing for the state building funds created prior to January 1, 1963, due and to become due within the ensuing year including July 1 in the second ensuing year. The moneys received and on hand pursuant to the appropriation annually made by this subdivision are available in the state building fund prior to the levy of the tax in any year required by the terms of the certificates of indebtedness and shall be used to reduce the amount of tax otherwise required to be levied for the payment of principal and interest on certificates of indebtedness. The moneys in the state building fund are appropriated annually for the purpose of paying the principal and interest on certificates of indebtedness as herein set forth. When all of the outstanding certificates of indebtedness issued as authorized by the legislature prior to January 1, 1963 have been fully paid including the interest thereon, any balances remaining in the state building fund are transferred and returned to the property tax relief fund.

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

Sec. 2. Minnesota Statutes 1965, Section 354.43, Subdivision 2, is amended to read:

Subd. 2. ~~The auditor is hereby directed to include in each annual state tax levy the amounts so certified, which amounts are hereby annually levied against the taxable property in the state, including, notwithstanding the provisions of Minnesota Statutes, Section 273.13, Subdivisions 6 and 7, all real property which is used for the purposes of a homestead. In certifying the rate to the several county auditors, the state auditor shall certify the amount required to be levied on account of services rendered for the schools and institutions outside of cities of the first class against all of such taxable property located outside of the cities of the first class. To meet the states obligation prescribed in subdivision 1, such moneys as are required therefor are appropriated annually to the state auditor from the property tax relief fund in the state treasury.~~

The moneys appropriated hereby to the state auditor shall be deposited by him in the state treasury to the credit of the teachers retirement fund.

Sec. 3. Minnesota Statutes 1965, Chapter 354, is amended by adding a section to read:

[354.201.] State aid for benefits. *Subdivision 1. The provisions of this section apply to teachers retirement fund associations and the benefits provided thereby in cities of the first class in which the teaching body thereof has established and incorporated such an association under the provisions of Minnesota Statutes, Sections 354.15 to 354.23 and in no case later than September 15 of each year.*

Subd. 2. Notwithstanding any of the provisions of Minnesota Statutes, Section 354.20, before the proper officials of the association make the certification to the authorities having charge of levying taxes for school purposes as provided in section 354.20, it shall furnish a copy of the certification which it proposes to make to the state auditor and at the same time furnish the state auditor with the number of teachers in the association who are currently contributing to the fund of such association, the amount of the annual salary of each of such teachers, the amount of each teacher's contribution and such other information as the state auditor may from time to time require.

From such information the state auditor shall determine the state's obligation as prescribed in subdivision 3 and shall pay the same to the association from the property tax relief fund in the state treasury and so much thereof as may be necessary to annually make

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such payment is hereby appropriated to the state auditor for such purpose. This payment shall be made no later than October 15 of each year. When the association receives such payment from the state auditor it shall deduct the amount thereof from the amount it proposes to certify to the proper authorities having charge of the levying of taxes for school purposes as provided for in section 354.20 and the amount necessary to raise by taxation in order to carry out the retirement plan of the association shall be reduced by the amount of the state's payment.

Subd. 3. The state's obligation under this section to a teachers retirement fund association in a city of the first class is an amount equal to the average amount that the state of Minnesota would be required to pay annually for all contributing members of the associations under the state teachers retirement fund program multiplied by the number of contributing members of the associations in each of the said cities of the first class each year, but in no event shall the state's obligation be in excess of the amount required to be certified by such associations under applicable law to the proper authorities who have charge of the levying of taxes for school purposes.

Sec. 4. *This article is in effect on and after July 1, 1967.*

ARTICLE IV

Section 1. Minnesota Statutes 1965, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. **Class 3.** All agricultural products, except as provided by class 3a ~~and class 3d~~, stocks of merchandise of all sorts together with the furniture and fixtures used therewith, manufacturers' materials and manufactured articles, *except as is provided in section 272.02*, all tools, implements and machinery, whether fixtures or otherwise, *except as is provided by class 3d, in section 272.02* all real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, except as provided by classes 1, 3b, 3e, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, and all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 1/3 percent of the full and true value thereof.

Changes or additions indicated by italics, deletions by strikeout.

Sec. 2. Minnesota Statutes 1965, Section 272.02, is amended to read:

272.02 **Exempt property.** All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;

(9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the tax commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

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Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county, city, or village of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county, city, or village thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) *The taxpayer shall elect whether to be exempted with respect to category (a) or (b) as hereinafter defined.*

(a) *All inventories, stocks of merchandise of all sorts, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, the rental value of which is subject to the excise tax provided in this act, or*

(b) *Tools and machinery which by law is considered as personal property used or useable in construction of buildings or highways or in the manufacture, processing, production, sale or distribution of marketable products including but not limited to goods, wares and merchandise and processing of food and fiber.*

The person who would be liable for a tax on said property but for the exemption provided herein shall make his election to be exempted under (a) or (b) by delivering to the assessor a declaration in writing with respect thereto prior to the making of the assessment. Provided, however, that with respect to the assessment made in 1967 for taxes payable in the year 1968 the declaration shall be made prior to September 1, 1967. If no election is made by the taxpayer, it shall be presumed that the taxpayer has elected to come under the provisions of (a) of this paragraph.

(12) *Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by this act.*

(13) *All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;*

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(14) *All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.*

Sec. 3. *Minnesota Statutes 1965, Section 273.13, Subdivision 8, is repealed.*

Sec. 4. *This article shall be effective for the 1967 assessment of taxes payable in 1968 and subsequent years.*

ARTICLE V

Section 1. **[297A.51] Distribution of tax proceeds.** *One fourth of the amount which the tax imposed by Article XIII hereof raises annually shall be distributed to townships, cities, villages, boroughs, counties and school districts as provided in this article.*

Sec. 2. **[297A.52] Certification of population of municipality.** *The secretary of state shall deliver to the state auditor, on or before July 1, 1967, and on or before July 1 in each year thereafter, a certified list of all the townships, cities, villages, boroughs of the state with their respective populations according to the latest federal census or such later census as authorized by Minnesota Statutes 1965, Section 297.13, Subdivision 7, or Section 275.45. In the case of municipalities incorporated after a federal census the population shown shall be that given in the incorporation census. Upon the taking of each federal census the secretary of state shall deliver to the state auditor a like certificate within 30 days after the governor has filed with him the certified copies of the census obtained from the director of the federal census.*

Sec. 3. **[297A.53] Change of status of municipality; date for determining status.** *If any municipality changes its name or is dissolved, or if any new municipality is incorporated, the secretary of state shall immediately certify that fact to the state auditor, indicating in the case of a new municipality the population shown by the census taken before incorporation. If any municipality is consolidated with another municipality, the secretary of state shall likewise certify that fact to the state auditor, who shall issue his warrant to the consolidated municipality according to the combined population resulting. The determination of amounts payable under this article shall however be based on the status of the governmental units on January 1 of each year.*

Sec. 4. **[297A.54] Estimate of available amount.** *On September 1 of each year, commencing in 1967, the state auditor shall estimate the amount available the following year for distribu-*

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tion to townships, cities, villages, boroughs, counties and school districts as provided in Section 1 hereof, which shall not be less than \$37,000,000 annually, by dividing the estimated amount for distribution by the total population in the state to determine a per capita distributive share.

Sec. 5. [297A.55] Cities of the first class; distribution to city and school district. *The state auditor shall determine the amount to be distributed to the cities of the first class, and the school districts contained therein, by multiplying the per capita distributive share by the population of each such city of the first class. The total amount available for each city of the first class as thus calculated shall be divided 66 2/3 percent to the city and 33 1/3 to the school district contained therein.*

Sec. 6. [297A.56] Distribution to remaining municipalities other than school districts. *Using one half the amount remaining, the state auditor shall determine on a pro rata per capita basis, the amount to be distributed to each township, city (except cities of the first class), village and borough within the state. The amounts attributable on a per capita basis to unorganized townships shall be distributed to the county in which such township is located.*

Sec. 7. [297A.57] Distribution to remaining school districts. *Using the other one half of the amount remaining, the state auditor shall determine the amounts to be distributed to each school district in the state (except school districts located in cities of the first class) on a school census basis, giving an equal amount for each child between the ages of six and sixteen years, both years inclusive, residing in a district, such amount to be not less than \$20 for each child. Upon receipt of the levies certified from the school districts for the year 1967 and each year thereafter payable in the year 1968 and each year thereafter, the county auditor shall reduce the levy of each school district by the amount to be received by such district under this section.*

Sec. 8. [297A.58] Notice of amounts due for following year. *Notice of the amounts due in the following year shall be given to all townships, cities, villages, boroughs, counties and school districts by the state auditor prior to September 20, 1967 and prior to September 20 of each year thereafter.*

Sec. 9. [297A.59] Issuance of warrants. *On or before June 15, 1968 and on or before November 15, 1968, and on or before June 15 and November 15 of each year thereafter, the state auditor shall issue his warrant in favor of the treasurer of each township, city, village, borough, county and school district in an*

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amount equal to one-half the amount determined by the state auditor to be due annually under the terms of this article.

Sec. 10. [297A.60] **Appropriation.** *There is hereby annually appropriated from the "Property Tax Relief Fund" to the township, city, village, borough, county or school district entitled to such payments as are authorized under this article, sufficient moneys to make such payments.*

ARTICLE VI

Section 1. [290.0601] **Definitions.** *Subdivision 1. Generally. As used in this article, unless the context clearly indicates otherwise:*

*Subd. 2. **Income.** Income means the sum of gross income as defined in the Minnesota Income Tax Act, net income from sources outside the state, alimony, support money, cash public assistance and relief (not including relief granted under this art.), 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 government or any of its instrumentalities, workman's compensation and the gross amount of "loss of time" insurance. It does not include gifts from nongovernmental sources, or surplus food or other relief in kind supplied by a governmental agent.*

*Subd. 3. **Household.** Household means a claimant and an individual related to the claimant as husband or wife.*

*Subd. 4. **Household income.** Household income means all income received by all persons of a household in a calendar year while members of such household.*

*Subd. 5. **Homestead.** Homestead means the dwelling, owned or rented by the claimant, and so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home, and may consist of a part of a multi-dwelling as a home, and may consist of a part of a multi-dwelling or multi-purpose building as a part of the land upon which it is built. ("Owned" includes a vendee in possession under a contract for deed and of one or more joint tenants or tenants in common.) It does not include personal property such as furniture, furnishings or appliances, but a mobile home may be a homestead.*

*Subd. 6. **Claimant.** Claimant means a person who has filed a claim under this article and was both domiciled in this state*

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and 65 years of age or over during the entire calendar year preceding the year in which he files claim for relief under this article. In the case of claim for rent constituting property taxes accrued the claimant shall have rented property during the entire preceding calendar year in which he files claim for relief under this article and shall have occupied the same residence quarters for at least six months of such preceding calendar year. When two or more individuals of a household are able to meet the qualifications for a claimant, they may determine between them as to who the claimant shall be. If they are unable to agree the matter shall be referred to the commissioner of taxation and his decision shall be final. When a homestead is occupied by two or more individuals and more than one such individual is able to qualify as a claimant, and some or all such qualified individuals are not related as determined under subdivision 3, such individuals may determine between them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of taxation and his decision shall be final.

Subd. 7. Rent constituting property taxes accrued. *Rent constituting property taxes accrued means 20 percent of the gross rent actually paid in cash or its equivalent in 1967 or any subsequent calendar year by a claimant and his household solely for the right of occupancy of their Minnesota homestead in such calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this section by such claimant.*

Subd. 8. Gross rent. *Gross rent means rental paid solely for the right of occupancy (at arms-length) of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. In any case in which the landlord and tenant have not dealt with each other at arms-length and the department of taxation is satisfied that the gross rent charged was excessive, the department of taxation may adjust such gross rent to a reasonable amount for purposes of this subdivision.*

Subd. 9. Property taxes accrued. *Property taxes accrued means property taxes (exclusive of special assessments, delinquent interest and charges for service) levied on a claimant's homestead in 1967 or any calendar year thereafter pursuant to Minnesota Statutes 1965, Chapter 272 and 273. When a homestead is owned by two or more persons or entities as joint tenants or tenants in common and one or more persons or entities is not a member of claimant's household, "property taxes accrued" is that part of property taxes levied*

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on such homestead as reflects the ownership percentage of the claimant and his household. For purposes of this paragraph property taxes are "levied" when the tax roll is delivered to the local treasurer for collection. When a claimant and his household own their homestead part of the preceding calendar year and rent the same or a different homestead for part of the same year "property taxes accrued" means only taxes levied on the homestead when both owned and occupied as such by claimant and his household at the time of the levy, multiplied by the percentage of 12 months that such property was owned and occupied by such household as its homestead during the preceding year. When a household owns and occupies two or more different homesteads in the same calendar year, property taxes accrued shall relate only to that property occupied by the household as a homestead on the levy date. Whenever a homestead is an integral part of a larger unit such as a farm, or a multi-purpose or multi-dwelling building, property taxes accrued shall be that percentage of the total property taxes accrued as the value of the homestead is of the total value except that the claimant may use the total property taxes accrued for the larger unit, but not exceeding 40 acres of land, except as the limitations of section 8 apply. For the purpose of this art., the "unit" refers to that parcel of property covered by a single tax statement of which the homestead is a part.

Sec. 2. [290.0602] **Right to file claim.** *The right to file claim under this art. shall be personal to the claimant and shall not survive his death, but such right may be exercised on behalf of a claimant by his legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of taxation. If the claimant was the only member of his household, the claim may be paid to his executor or administrator, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.*

Sec. 3. [290.0603] **Credit for property taxes.** *Subject to the limitations provided in this art. a claimant may claim as a credit against Minnesota income taxes otherwise due on his 1967 income, Minnesota property taxes accrued in 1967 or 1967 rent constituting property taxes accrued or both. If the allowable amount of such claim exceeds the income taxes otherwise due on claimant's 1967 income or if there are no Minnesota income taxes due on claimant's 1967 income, the amount of the claim not used as an offset against income taxes on 1967 income, after audit by the department of taxation, shall be paid to the claimant. Interest shall be al-*

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

lowed as provided in Minnesota Statutes 1965, Section 290.92, Subdivision 13.

Sec. 4. [290.0604] Filing time limit for 1967 property taxes. *No claim in respect of property taxes accrued in 1967 or in respect of 1967 rent constituting property taxes accrued shall be paid or allowed unless such claim is actually filed with and in the possession of the department of taxation on or before April 15, 1968. Subject to the same conditions and limitations, claims may be filed on or before April 15, 1968, and each succeeding year in respect of property taxes accrued or rent constituting property taxes accrued.*

Sec. 5. [290.0605] Claim applied against outstanding liabilities. *The amount of any claim otherwise payable under this art. may be applied by the department of taxation against any liability outstanding on the books of the department against claimant, or against any other individual who was a member of his household in the year to which the claim relates.*

Sec. 6. [290.0606] One claimant per household. *Only one claimant per household per year shall be entitled to relief under this article.*

Sec. 7. [290.0607] Limits. *The amount of any claim pursuant to this art. shall be determined in accordance with the following schedule:*

<i>Income Range</i>	<i>Percent Tax</i>
<i>0 - 499</i>	<i>75 percent</i>
<i>500 - 999</i>	<i>70 percent</i>
<i>1,000 - 1,499</i>	<i>50 percent</i>
<i>1,500 - 1,999</i>	<i>40 percent</i>
<i>2,000 - 2,499</i>	<i>30 percent</i>
<i>2,500 - 2,999</i>	<i>20 percent</i>
<i>3,000 - 3,499</i>	<i>10 percent</i>

Sec. 8. [290.0608] Maximum property tax. *In any case in which property taxes accrued or rent constituting property taxes accrued, or both, in any one year in respect of any one household exceeds \$300, the amount thereof shall, for purposes of this article, be deemed to have been \$300; provided that any claim afforded to the resident owner under this article shall be reduced by the amount of any reduction in property taxes received as provided in the 35 percent property tax relief provisions of Article I.*

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Sec. 9. **[290.0609] Forms.** *In administering this act, the department of taxation shall make available suitable forms with instructions for claimants, including a form which may be included with or a part of the individual income tax blank. The claim shall be in such form as the commissioner may prescribe.*

Sec. 10. **[290.0610] Proof of claim.** *Every claimant under this article shall supply to the department of taxation, in support of his claim, reasonable proof of age, rent paid, name and address of owner or managing agent of property rented, property taxes accrued, changes of homestead, household membership, household income, size and nature of property claimed as the homestead and a statement that the property taxes accrued, used for purposes of this article have been or will be paid by him and that there are no delinquent property taxes on the homestead.*

Sec. 11. **[290.0611] Objections to claims.** *Subdivision 1. **Audit of claim.** Whenever on the audit of any claim filed under this article the department determines the amount thereof to have been incorrectly determined, the department shall re-determine such claim and notify the claimant of such redetermination and the reasons therefor. Such redetermination shall be final unless appealed to the Minnesota Tax Court within 30 days of notice thereof.*

*Subd. 2. **Fraudulent claim.** In any case in which it is determined that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full, and, if the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be cancelled and the amount paid may be recovered by assessment as income taxes are assessed. A penalty of 25 percent shall be imposed and such assessment shall bear interest from the due date of the return, until refunded or paid, at the rate of four percent per annum. The claimant in such case, and any person who assisted in the preparation or filing of such excessive claim or supplied information upon which such excessive claim was prepared, with fraudulent intent, shall be guilty of a misdemeanor.*

*Subd. 3. **Excessive or negligent claim.** In any case in which it is determined that a claim is or was excessive, a ten percent penalty shall be imposed on such excess and if the claim has been paid, or credited against income taxes otherwise payable, the credit shall be reduced or cancelled, and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes*

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are assessed and such assessment shall bear interest at four percent per annum from the date of payment until refunded or paid.

Sec. 12. [290.0612] **Appeal.** *Any person aggrieved by the denial, in whole or in part, of relief claimed under this act (except when the denial is based upon late filing of claim for relief) may appeal such denial to the Minnesota Tax Court by filing a petition with the tax court within 30 days after such denial, as provided in Minnesota Statutes 1965, Chapter 271.*

Sec. 13. [290.0613] **No relief allowed if receiving old-age assistance.** *No claim for relief under this article shall be allowed to any person who is a recipient of public funds for the payment of taxes or rent during the period for which the claim is filed.*

Sec. 14. [290.0614] **No relief allowed if property acquired for benefits.** *A claim shall be disallowed if the department finds that the claimant received title to his homestead primarily for the purpose of receiving benefits under this article.*

Sec. 15. [290.0615] **Extension of time for filing.** *In case of sickness, absence, or other disability, or when, in his judgment, good cause exists, the commissioner may extend the time for filing these returns.*

Sec. 16. [290.0616] **Appropriations.** *There is hereby appropriated from the income tax school fund the necessary amounts to pay the claims filed pursuant to this article. An annual transfer of such funds from the property tax relief fund shall be made to the income tax school fund on or before July 15 of each year to reimburse the income tax school fund for the actual or estimated credits and refunds resulting from the enactment of this act.*

Sec. 17. [290.0617] **Effective date.** *This Article shall be effective January 1, 1968, and shall apply to property taxes accrued in 1967 and subsequent years.*

Sec. 18. Minnesota Statutes 1965, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. **Taxes.** *Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter; and (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in Minnesota Statutes, Section 290.077, Subdivision 4; and (d) cigarette and tobacco products excise tax imposed on the consumer; and (e) that part of Minnesota property taxes for which a credit or refund is claimed*

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and allowed under section 3. Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

ARTICLE VII

Section 1. Minnesota Statutes 1965, Section 272.03, Subdivision 8, is amended to read:

Subd. 8. **Market value.** ~~“Full and true Market value”~~ means the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at private sale and not at forced or auction sale.

Sec. 2. Minnesota Statutes 1965, Section 272.03, is amended by adding a new subdivision to read:

Subd. 12. **Adjusted market value.** *Full and true value shall constitute adjusted market value. Adjusted market value is the market value reduced by applying thereto the percentage of market value which the assessor is applying to the taxable property in the district in which he is assessing.*

Sec. 3. Minnesota Statutes 1965, Section 273.11, is amended to read:

273.11 **Valuation of property.** All property shall be assessed *valued* at its ~~true and full~~ *market value*. In determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash. Taxable leasehold estates shall be val-

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ued at such a price as they would bring at a fair, voluntary sale, for cash. Money, whether in possession or on deposit, shall be entered in the statement at the full amount thereof. Every credit for a sum certain, payable either in money, property of any kind, labor, or services, shall be valued at the full price thereof so payable; if for a specific article, or for a specified number or quantity of any article of property, or for a certain amount of labor, or for services of any kind, it shall be valued at the current price of such property, or for such labor or services, at the place where payable. *Each assessor shall annually file with the county auditor the ratio which he has used of adjusted market value to market value of all the taxable property within the taxing district, except property which by law, custom, or practice is valued by the commissioner of taxation.*

Sec. 4. Minnesota Statutes 1965, Section 276.04, is amended to read:

276.04 Notice of rates; property tax statements. On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose and cause to be printed on the back of all tax receipts and tax statements a tabulated statement of the rates of taxation and amounts. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15, statements of their real property taxes due shall be mailed not later than May 15; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. *Such statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax.* If so directed by the county board, he shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 5. *The provisions of this article shall apply to the 1968 assessment and subsequent assessments.*

ARTICLE VIII

Section 1. **[391.07] Establishment of office for each county.** *Subdivision 1. Office created; appointment, qualifications.* Every county in this state shall have a county assessor. *The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. He shall be selected*

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and appointed because of his knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of taxation before the same shall become effective. Upon receipt by the county commissioners of the commissioner of taxation's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day.

Subd. 2. Term; vacancy. *(a) The terms of county assessors appointed under this section shall commence January 1, 1967, and shall expire December 31, 1970. The succeeding terms shall be four years. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency, or neglect of his duty by the commissioner of taxation.*

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county supervisor of assessments. Such 30 day period may, however, be extended by written approval of the commissioner of taxation.

Subd. 3. Oath; bond. *Every county assessor, before entering upon his duties, shall take and subscribe the oath required of public officials, and shall give bond to the state in the form required by statute, in such sum as the board of county commissioners may determine.*

Subd. 4. Assistants. *With the approval of the board of county commissioners, the county assessor may employ one or more assistants and sufficient clerical help to enable him to perform the duties of his office.*

Subd. 5. Offices; supplies. *The board of county commissioners shall provide suitable office space and equipment at the county seat for the county assessor, his assistants and clerical help, and shall furnish such books, maps, stationery, postage and supplies as may be necessary for the discharge of his duties of the office.*

Subd. 6. Salaries; expenses. *The salaries of the county as-*

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essor and his assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable in monthly installments out of the general revenue fund of the county. In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:

In counties with a population of less than 6,500, \$4,900;

In counties with a population of 6,500 but less than 12,000, \$5,200;

In counties with a population of 12,000 but less than 16,000, \$5,500;

In counties with a population of 16,000 but less than 21,000, \$5,700;

In counties with a population of 21,000 but less than 30,000, \$5,900;

In counties with a population of 30,000 but less than 39,500, \$6,100;

In counties with a population of 39,500 but less than 50,000, \$6,300;

In counties with a population of 50,000 or more, \$7,300.

If a higher minimum schedule is fixed by any other law enacted in 1967, it shall supercede the schedule in this section regardless of whether the section may be repealed in this article.

The county assessor shall be included under the provisions of Minnesota Statutes, Section 375.43. In addition to their salaries, the county assessor and his assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of taxation. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

Subd. 7. Division of duties between local and county assessor. *The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or his assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise*

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hereinafter provided. He shall also have the authority to require local assessors to deliver to him their tax records at any time.

Subd. 8. Powers and duties. *The county assessor shall have the following powers and duties:*

(1) *He shall call upon and confer with the township, borough, village and city assessors in his county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.*

(2) *He shall assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.*

(3) *He shall keep the local assessors in his county advised of all changes in assessment laws and all instructions which he receives from the commissioner of taxation relating to their duties.*

(4) *He shall attend all county seat instructional meetings of the local assessors of his county called by the commissioner of taxation, and shall assist the representatives of the commissioner in conducting those meetings.*

(5) *He shall have authority to require the attendance of groups of local assessors at sectional meetings called by him for the purpose of giving them further assistance and instruction as to their duties.*

(6) *He shall immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of taxation, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair and the poor land of the county. For use in connection with the topographical land map, he shall prepare and keep available in his office tables showing fair average minimum and maximum true and full values per acre of cultivated, meadow, pasture, cut-over, timber and waste lands of each township. He shall keep the map and tables available in his office for the guidance of town assessors, boards of review, and the county board of equalization.*

(7) *He shall also prepare and keep available in his office for the guidance of town assessors, boards of review and the county*

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board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of taxation. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average true and full value per acre, both with and without improvements, as finally equalized in the last biennial assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of boroughs, villages and cities.

(8) *He shall regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the register of deeds of his county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the true and full values assessed, he shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.*

(9) *He shall prepare annually and keep available in his office for the guidance of boards of review and the county board of equalization, a table showing the true and full value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, he shall also add to the table the true and full value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.*

(10) *He shall familiarize himself with the values of the different items of personal property so that he will be in a position when called upon to advise the boards of review and the county board of equalization concerning property, true and full values thereof.*

(11) *While the county board of equalization is in session, he shall give it every possible assistance to enable it to perform its duties. He shall furnish the board with all necessary charts, tables, comparisons and data which it requires in its deliberations, and shall make whatever investigations the board may desire.*

(12) *At the request of either the board of county commissioners or the commissioner of taxation, he shall investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of taxation.*

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(13) *He shall make diligent search each year for real and personal property which has been omitted from assessment in his county, and report all such omissions to the county auditor.*

(14) *He shall render such other services pertaining to the assessment of real and personal property in his county as are not inconsistent with the duties set forth in this section, and as may be required of him by the board of county commissioners or by the commissioner of taxation.*

Subd. 9. Additional general duties. *Additional duties of the county assessor shall be as follows: (a) to make all assessments, based upon the appraised values reported to him by the local assessors or his assistants and his own knowledge of the value of the property assessed; (b) to personally view and determine the value of any property which because of its type or character may be difficult for the local assessor to appraise; (c) to make all changes ordered by the local boards of review, relative to the assessed value of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law. A local board of review shall have the power to reduce assessments upon petition of the taxpayer but the total of such adjustments shall not reduce the aggregate assessment made by the county assessor by more than one percent of said aggregate assessment. If the total of such adjustments would lower the aggregate assessments made by the county assessor by more than one percent, none of such adjustments shall be allowed. The assessor shall correct any clerical errors or double assessments discovered by the board of review without affecting the one percent referred to above; (d) to enter all assessment in the assessment books, furnished him the county auditor, with each book and the tabular statements for each book in correct balance; (e) to prepare all assessment cards, charts, maps and any other forms prescribed by the commissioner of taxation; (f) to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare the abstract of assessments for the commissioner of taxation; to enter all changes made by the state board of equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm, or corporation assessed; (g) to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the assessed valuation of any property; (h) to perform all other duties relating to the assessment of property for the pur-*

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pose of taxation which may be required of him by the commissioner of taxation.

Subd. 10. Assessor in unorganized territory. In counties having unorganized territory divided into one or more assessment districts, the board of county commissioners may appoint the county assessor for all such districts. In such case the assessor shall receive no compensation for performing the duties of assessor. He shall, however, be allowed his expenses for reasonable and necessary travel in the performance of his duties. Such expenses shall be payable out of the general revenue fund of the county.

Sec. 2. Minnesota Statutes 1965, Section 272.161, is amended to read:

272.161 Determination of value of specific part of land transferred. In the event the seller and the purchaser fail to file the agreement as prescribed by Minnesota Statutes 1945, Section 272.16, the county auditor of any county may, before making a transfer of a specific part of any tract assessed, request the ~~assessment supervisor~~ or the county assessor to determine the amount of assessed valuation to be transferred therewith. The valuation so fixed shall be conclusive, except that either party to the division may appeal to the district court of the county in which the land is situated for a determination, made in the manner prescribed by Minnesota Statutes 1945, Chapter 278.

Sec. 3. Minnesota Statutes 1965, Section 274.01, is amended to read:

274.01 Board of review. The town board of each town, the council or other governing body of each village, borough, and city, except in cities whose charters provide for a board of equalization, shall be a board of review. The county assessor ~~or supervisor of assessments~~ shall fix a day when each of such boards and the board of equalization of any city whose charter provides for a board of equalization shall meet in the several assessment districts of the county, and shall on or before May first of each year give written notice thereof to the clerk. Such meetings shall be held between the first day of June and the fifteenth day of July in each year, and the clerk shall give published and posted notice of such meeting at least ten days prior to the date fixed. Such board shall meet at the office of the clerk to review the assessment of property in such town or district, and immediately proceed to examine and see that all taxable property in the town or district has been properly placed upon the list, and duly valued by the assessor. In case any property, real or personal shall have been omitted, the board shall place it upon the list with its true

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value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, shall be entered on the assessment list at its full and true value; but no assessment of the property of any person shall be raised until he has been duly notified of the intent of the board so to do. On application of any person feeling aggrieved, the board shall review the assessment, and correct it as shall appear just. A majority of the members may act at such meeting, and adjourn from day to day until they finish the hearing of all cases presented. The assessor shall attend, with his assessment books and papers, and take part in the proceedings, but shall not vote. ~~If the county employs a~~ *The county assessor, he or an assistant, delegated by him shall attend such meetings.* The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the full and true value of each item of property, added or changed by the board, placed opposite such item. ~~The assessor shall enter all changes made by the board, in the assessment book. In counties employing a county assessor such changes shall be made by him, instead of the local assessor.~~ *The county assessor shall enter all changes made by the board in the assessment book.*

The board of review, and the board of equalization of any city, shall complete its work and adjourn within 20 days from the time of convening specified in the notice of the clerk and no action taken subsequent to such date shall be valid. All complaints in reference to any assessment made after the meeting of such board, shall be heard and determined by the county board of equalization. Any non-resident may, at any time, before the meeting of the board of review file written objections to his assessment with the county assessor ~~or supervisor of assessments~~ and if any such objections are filed they shall be presented to the board of review at its meeting by the county assessor ~~or supervisor of assessments~~ for its consideration.

Sec. 4. Minnesota Statutes 1965, Section 375.192, is amended to read:

375.192 Taxation; reductions in assessed valuation of real property. Subdivision 1. Notwithstanding section 270.07, upon written application by the owner of the property, the county board of each county shall have power to grant such reduction, for the current year, of the assessed valuation of any real property in that county which erroneously has been classified, for tax purposes, as non-homestead property, as is necessary to give it the assessed valuation which it would have received if it had been classified correctly. The application shall be made on a form prescribed by the commissioner

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of taxation. It shall include a statement of facts of ownership and occupancy, and shall be sworn to by the owner of the property before an officer authorized to take acknowledgments. Before it is acted upon by the county board, the application shall be referred to the county assessor, ~~county supervisor of assessments of the county,~~ or if the property is located in a city of the first class having a city assessor, to such assessor, who shall investigate the facts and attach his report of such investigation to the application.

Subd. 2. Notwithstanding section 270.07, upon written application by the owner of the property, where such application seeks a reduction in full and true valuation not in excess of \$300, the county board may grant such reduction or abatement of assessed valuation or taxes and of any costs, penalties or interest thereon as said board may deem just and equitable and to order the refundment in whole or in part of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Such application must be approved by the county assessor, ~~county supervisor of assessment of the county,~~ or if the property is located in a city of the first class or city of the second class having a city assessor, by such assessor, and by the county auditor prior to consideration by the county board. The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 shall be in addition to the method provided in Minnesota Statutes 1965, Section 270.07.

Sec. 5. Minnesota Statutes 1965, Section 273.072, Subdivision 1, is amended to read:

273.072 Agreements for joint assessment. Subdivision 1. Any county and any city, village, or town lying wholly within the county and constituting a separate assessment district may, by agreement entered into under section 471.59 and approved by the commissioner of taxation, provide for the assessment of property in the municipality or town by the county assessor ~~or supervisor of assessments.~~ Any two or more cities, villages, or town constituting separate assessment districts, whether their assessors are elective or appointive, may enter into an agreement under section 471.59 for the assessment of property in the contracting units by the assessor of one of the units or by an assessor who is jointly employed.

Sec. 6. Minnesota Statutes 1965, Section 273.072, Subdivision 5, is amended to read:

Subd. 5. Any amount paid to the county for personal services of the county assessor ~~or supervisor of assessors~~ under such an agreement shall be paid into the general revenue fund of the county.

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

Sec. 7. Minnesota Statutes 1965, Section 273.08, is amended to read:

273.08 Assessor's duties. The assessor shall perform his duties in the manner following. He shall actually view, when practicable, and determine the true and full value of each tract or lot of real property listed for taxation, and shall enter the value thereof, including the value of all improvements and structures thereon, opposite each description. He shall make an alphabetical list of the names of all persons in his town or district liable to an assessment of personal property, and shall call at the office or place of business or residence of each person required by this chapter to list property, and shall list his name, and shall require each person to make and deliver a correct list and statement of such property, according to the prescribed form, which shall be subscribed and sworn to by the person listing, and the assessor shall thereupon determine the value of the property in such statement, and enter the same in his assessment books, opposite the name of the person assessed, with the name and post office address of the person listing the property, and, if such person reside in a city, the street and number, or other brief description, of his residence or place of business. If any property is listed or assessed on or after the fourth Monday of June, and before the return of the assessor's books, the same shall be as legal and binding as if listed and assessed before that time.

Sec. 8. Minnesota Statutes 1965, Section 273.10, is amended to read:

273.10 School districts. When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book. When the personal property of any person is assessable in several school district, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

Sec. 9. **[391.08] Valuation and assessment of personal property.** *The county assessor, or city assessor in a city or village with population of 30,000 or more shall value and assess all personal property. He shall make an alphabetical list of the names of all persons in his town or district liable to an assessment of personal property, and shall call at the office or place of business or residence of each person required by this chapter to list property, and shall list his name, and shall require each person to make and deliver a correct list and statement of such property, according to the prescribed form, which shall be subscribed and sworn to by the person listing;*

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and the assessor shall thereupon determine the value of the property in such statement, and enter the same in his assessment books, opposite the name of the person assessed, with the name and post-office address of the person listing the property; and, if such person reside in a city, the street and number, or other brief description, of his residence or place of business. If any property is listed or assessed on or after the fourth Monday of June, and before the return of the assessor's books, the same shall be as legal and binding as if listed and assessed before that time.

Such county or city assessor shall have power and authority to summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to the listing of personal property.

Sec. 10. [391.09] **Application; limitations.** *The provisions of this article shall apply to all counties except those described in chapter 391. The following limitations shall apply as to the extent of the county assessors jurisdiction:*

In counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities or villages having a population of 30,000 persons or more, according to the last preceding federal census, except in counties having a county assessor on January 1, 1967, the powers and duties of the county assessor within such cities or villages shall be performed by the duly appointed city or village assessor, provided that the county assessor shall retain the supervisory duties contained in subdivision 8 of section 1.

Sec. 11. *This article shall become effective January 1, 1968. All county assessors and county supervisors of assessments appointed and duly confirmed, as provided in Minnesota Statutes 1965, Section 273.071, shall continue to hold office as county assessor for the term ending December 31, 1970, as provided in section 1, without the necessity of reappointment or further approval.*

Sec. 12. *Minnesota Statutes 1965, Section 273.071, is hereby repealed.*

ARTICLE IX

Section 1. Minnesota Statutes 1965, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. **Class 3.** All agricultural products, except as provided by class 3a and class 3d, stocks of merchandise and all sorts

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together with the furniture and fixtures used therewith, manufacturers' materials and manufactured articles, all tools, implements and machinery, whether fixtures or otherwise, except as provided by class 3d, ~~all real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use~~ *all agricultural land*, except as provided by classes 1, 3b, 3e and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes; ~~but not devoted to commercial purposes~~, and all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33-1/3 percent of the full and true value thereof.

Sec. 2. Minnesota Statutes 1965, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. **Class 3b.** ~~All real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use~~ *Agricultural land*, except as provided by class 1 hereof, and which is used for the purposes of a homestead, shall constitute class 3b and shall be valued and assessed at 20 percent of the full and true value thereof. If the full and true value is in excess of the sum of \$4,000, the amount in excess of that sum shall be valued and assessed as provided for by class 3. The first \$4,000 full and true value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except that the first \$4,000 full and true value shall remain subject to and be taxed (1) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and existing at the time of the passage of this section, and (2) for the purpose of raising funds for the discharge of any and all state indebtedness incurred prior to and existing at the time of the passage of this act under a law which subjects such real estate to taxation notwithstanding the provisions of this subdivision.

Agricultural land as used herein, and in section 124.03, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than 10 acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products,

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shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 3. This article shall apply to the 1968 assessment and subsequent assessments.

ARTICLE X

Section 1. Minnesota Statutes 1965, Section 272.02, is amended to read:

272.02 Exempt property. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the tax commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of

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a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county, city, or village of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county, city, or village thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item.

(11) *Real and personal property used solely and exclusively for the abatement and control of air or water pollution.*

Any taxpayer requesting exemption on a facility, or part of a facility, operated exclusively for the control or abatement of air or water pollution shall file an application with the commissioner of taxation. The commissioner of taxation may request the advice of any commission or agency having knowledge of pollution control, or authority to implement pollution control programs. Any such state agencies shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue his order exempting such property from taxation. Any assessor shall exempt such property from taxation as long as it is used solely for abatement of air or water pollution.

Sec. 2. *This article shall apply to the 1968 assessment and subsequent assessments, but only with respect to property constructed or installed by taxpayers after the date of enactment of this article.*

ARTICLE XI

Section 1. Minnesota Statutes 1965, Section 287.21, here is amended to read:

287.21 Imposition of tax; determination of tax.

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

Subdivision 1. There is hereby imposed on each deed, instrument, or writing by which any lands, tenements, or other realty in this state shall be granted, assigned, transferred or otherwise conveyed, a tax determined in the following manner. When there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is \$1,000 or less, the tax shall be ~~\$1.10~~ \$2.20. When the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds \$1,000 the tax shall be ~~\$1.10~~ \$2.20 plus ~~55 cents~~ \$1.10 for each \$500 or fractional part of \$500 in excess of \$1,000.

Subd. 2. *The proceeds of the taxes levied and collected under sections 287.21 to 287.36 shall be credited to the property tax relief fund.*

Subd. 3. *This article is effective on January 1, 1968.*

ARTICLE XII

Section 1. Minnesota Statutes 1965, Section 290.06, Subdivision 1, is amended to read:

290.06 **Rates of tax; credits against tax.** Subdivision 1. **Computation, corporations.** The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of ~~seven~~ *eight* and one-half percent. The amount of tax payable by a corporation required to file a return shall not be less than \$10.

Sec. 2. Minnesota Statutes 1965, Section 290.361, Subdivision 2, is amended to read:

Subd. 2. **Computation of taxable net income.** The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) the rate shall be ~~nine~~ *ten* and one-half percent; (b) the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933; (c) property consisting of investments in bonds, stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and (d) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this act, any dividend (not including any distribution in liquidation) paid,

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within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality.

Sec. 3. *The provisions of this article shall be applicable to all taxable years commencing after December 31, 1966, and prior to January 1, 1970.*

ARTICLE XIII

Section 1. **[297A.01] Definitions.** *Subdivision 1. The following words, terms, and phrases when used in this Article shall have the meanings ascribed to them in this section except where the context clearly indicates a different meaning.*

Subd. 2. "Person" includes any individual, firm, partnership, joint venture, association, cooperative, social club, fraternal organization, municipal or private corporation whether organized for profit or not, estate, trusts, business trusts, receiver, trustee, syndicate, the United States, the state of Minnesota, any political subdivision of Minnesota, or any other group or combination acting as a unit, and the plural as well as the singular number.

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanitoriums, nursing homes or senior citizens homes, meals served to students and teachers at public or private schools, or the occasional meal thereof by a charitable or church organization;

(d) The granting of the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or

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trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) *The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service except such service provided by means of coin operated telephones including sales by municipal corporations in a proprietary capacity.*

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. Meals and lunches served at public and private schools, universities, or colleges shall not constitute a retail sale or a sale at retail.

Subd. 5. "Storage" includes any keeping or retention in Minnesota for any purpose except sale in the regular course of business or subsequent use solely outside Minnesota of tangible personal property.

Subd. 6. "Use" includes the exercise of any right or power over tangible personal property, or tickets or admissions to places of amusement or athletic events, purchased from a retailer incident to the ownership of any interest in that property, except that it does not include the sale of that property in the regular course of business.

Subd. 7. "Storage" and "use" do not include the keeping, retaining or exercising of any right or power over tangible personal property or tickets or admissions to places of amusement or athletic events shipped or brought into Minnesota for the purpose of subsequently being transported outside Minnesota and thereafter used solely outside Minnesota, except in the course of interstate commerce, or for the purpose of being processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property to be transported outside Minnesota and not thereafter returned to a point within Minnesota, except in the course of interstate commerce.

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

Subd. 8. "Sales price" means the total consideration valued in money, for a retail sale whether paid in money or otherwise, excluding therefrom any amount allowed as credit for tangible personal property taken in trade for resale, without deduction for the cost of the property sold, cost of materials used, labor or service cost, interest, or discount allowed after the sale is consummated, the cost of transportation incurred prior to the time of sale, any amount for which credit is given to the purchaser by the seller, or any other expense whatsoever. A deduction may be made for charges for services that are part of the sale and for interest, financing, or carrying charges, charges for labor or services used in installing or applying the property sold or transportation charges if the transportation occurs after the retail sale of the property only if the consideration for such charges is separately stated. There shall not be included in "sales price" cash discounts allowed and taken on sales, the amount refunded either in cash or in credit for property returned by purchasers within three months of its purchase or the amount of any tax (not including, however, any manufacturers' or importers' excise tax) imposed by the United States upon or with respect to retail sales, whether imposed upon the retailer or the consumer.

Subd. 9. "Gross receipts" means the total amount received, in money or otherwise, for all sales at retail as measured by the sales price. Gross receipts from sales may, at the option of the taxpayer, be reported on the cash basis as the consideration is received or on the accrual basis as sales are made.

Subd. 10. "Retailer" includes every person engaged in making sales at retail as herein defined.

Subd. 11. "Tangible personal property" means corporeal personal property of any kind whatsoever, including property which is to become a fixture or which is to lose its identity by incorporation in or attachment to real property.

Subd. 12. "Commissioner" means the commissioner of taxation of the state of Minnesota.

Sec. 2. [297A.02] Imposition of tax. *There is hereby imposed an excise tax of three percent of the gross receipts of any person from sales at retail, as hereinbefore defined, made in this state after July 31, 1967. In no case shall the tax imposed hereby upon the seller exceed the amount of tax which he is authorized and required by law to collect from the purchaser.*

Sec. 3. [297A.03] Separate statement; collection from purchaser; advertising no tax; minimum; uniform tax collection methods. *Subdivision 1. The tax shall be stated and charged*

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separately from the sales price or charge for service and shall be collected by the seller from the purchaser insofar as practicable and shall be a debt from the purchaser to the seller recoverable at law in the same manner as other debts.

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one half of one cent may be disregarded and amounts of tax if one half cent or more may be considered an additional cent. If the sales price of any sale at retail is 16 cents or less, no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Subd. 3. Agreements between competitive retailers or the adoption of appropriate rules or regulations by organizations or associations of retailers to provide uniform methods for adding such tax or the average equivalent thereof, and which do not involve price fixing agreements otherwise unlawful, are expressly authorized and shall be held not in violation of any laws of Minnesota prohibiting such agreements. The commissioner may prescribe rules for such agreements.

Sec. 4. [297A.04] Applications; number; vending machines; form. *Every person desiring to engage in the business of making retail sales within Minnesota shall file with the commissioner an application for a permit and if such person has more than one place of business, an application for each place of business must be filed. A vending machine operator who has more than one vending machine location shall nevertheless be considered to have only one place of business for purposes of this section. The commissioner may require any person or class of persons obligated to file a use tax return under section 27, subdivision 2, of this Article, to file application for a permit. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant intends to transact business, the location of his place or places of business, and such other information as the commissioner may require. The application shall be filed by the owner, if a natural person; by a member or partner, if the owner be an association or partnership; by a person authorized to sign the application, if the owner be a corporation.*

Sec. 5. [297A.05] Application fee. *At the time of mak-*

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ing every application the applicant shall pay to the commissioner a fee of \$1 for each permit applied for.

Sec. 6. [297A.06] Permit. *After compliance with sections 4 and 5 of this Article, and section 28 of this Article when security is required, the commissioner shall issue to each applicant a separate permit for each place of business within Minnesota. A permit shall be valid until revoked but shall not be assignable and shall be valid only for the person in whose name it is issued and for the transaction of business at the place designated therein. It shall at all times be conspicuously displayed at the place for which issued.*

Sec. 7. [297A.07] Revocation of permits. *Whenever any person fails to comply with any provision of this Article or any regulation of the commissioner adopted under this Article, the commissioner, upon hearing, after giving the person 30 days' notice in writing specifying the time and place of hearing and the reason for the proposed revocation and requiring him to show cause why his permit or permits should not be revoked, may for reasonable cause, revoke or suspend any one or more of the permits held by such person. The notice may be served personally or by mail in the manner prescribed for service of notice of a deficiency. The commissioner shall not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with the aforementioned provisions and regulations. The commissioner may condition the issuance of a new permit to such applicant on the supplying of such security in addition to that authorized by section 28 of this Article as is reasonably necessary to insure compliance with the aforementioned provisions and regulations.*

Sec. 8. [297A.08] Sales without permits, violations. *A person who engages in the business of making retail sales in Minnesota without the required permit or permits, and each officer of any corporation which so engages in business, shall be guilty of a misdemeanor.*

Sec. 9. [297A.09] Presumption of tax; burden of proof. *For the purpose of the proper administration of this Article and to prevent evasion of the tax, it shall be presumed that all gross receipts are subject to the tax until the contrary is established. The burden of proving that a sale is not a sale at retail is upon the person who makes the sale, but he may take from the purchaser an exemption certificate to the effect that the property purchased is for resale or that the sale is otherwise exempt from the application of the tax imposed by this Article.*

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

Sec. 10. [297A.10] **Exemption certificate, duty of retailer.** *The exemption certificate will conclusively relieve the retailer from collecting and remitting the tax only if taken in good faith from a purchaser who holds the permit provided for in section 6 of this Article.*

Sec. 11. [297A.11] **Content and form of exemption certificate.** *The exemption certificate shall be signed by and bear the name and address of the purchaser, shall indicate the number of the permit if any issued to the purchaser and shall indicate the general character of the property sold by the purchaser in the regular course of business and shall identify the property purchased. The certificate shall be substantially in such form as the commissioner may prescribe.*

Sec. 12. [297A.12] **Improper use of subject of purchase obtained with exemption certificate.** *If a purchaser who gives an exemption certificate makes any use of the subject of the purchase other than for a purpose exempted by this Article, such use shall be deemed a retail sale by the purchaser as of the time of first use by him, and the sales price to him shall be deemed the gross receipts from such retail sale. If the sole non-exempt use is rental while holding for sale, the purchaser may elect to include in his gross receipts the amount of the rental charged rather than the sales price to him.*

Sec. 13. [297A.13] **Commingling exemption certificate goods.** *If a purchaser gives an exemption certificate with respect to the purchase of fungible goods and thereafter commingles these goods with other fungible goods not so purchased but of such similarity that the identity of the constituent goods in the commingled mass cannot be determined, sales from the mass of commingled goods shall be deemed to be sales of the goods so purchased until a quantity of commingled goods equal to the quantity of purchased goods so commingled has been sold.*

Sec. 14. [297A.14] **Using, storing or consuming tangible personal property; admissions; utilities.** *For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of three percent of the sales price of sales at retail of any of the aforementioned items made to such person after July 31, 1967, unless the tax imposed by section 2 of this Article was paid on said sales price.*

Sec. 15. [297A.15] **Liability for payment, continuation.**

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

Liability for the payment of the use tax is not extinguished until the tax has been paid to Minnesota. However, a receipt from a retailer maintaining a place of business in Minnesota, or from a retailer who is authorized by the commissioner under such rules and regulations as he may prescribe, to collect the tax, given to the purchaser pursuant to section 16 of this Article relieves the purchaser of further liability for the tax to which the receipt refers.

Sec. 16. [297A.16] Collection of tax at time of sale. *Any corporation authorized to do business in Minnesota and any retailer maintaining a place of business in Minnesota, regardless of the residence of such corporation or retailer, upon making sales of any items enumerated in section 14 of this Article for storage, use or other consumption in Minnesota not exempted under this Article, shall at the time of making such sales collect the use tax from the purchaser and give to the purchaser a receipt therefor in the form of a notation on the sales slip or receipt for the sales price or in such other form as prescribed by the commissioner.*

Sec. 17. [297A.17] Tax to be collected; status as debt. *The use tax required to be collected by the retailer constitutes a debt owed by the retailer to Minnesota and shall be a debt from the purchaser to the retailer recoverable at law in the same manner as other debts.*

Sec. 18. [297A.18] Advertising no tax; minimum tax. *It shall be unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the use tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one half of one cent may be disregarded and amounts of tax of one half cent or more may be considered an additional cent.*

Sec. 19. [297A.19] Display of rules. *The rules requiring use tax to be collected by the retailer from the purchaser shall be displayed as the commissioner may by regulation or otherwise require.*

Sec. 20. [297A.20] Violations. *Any person violating sections 16, 18, or 19 of this Article shall be guilty of a misdemeanor.*

Sec. 21. [297A.21] Registration; information relating to business location. *Every retailer making retail sales for storage, use or other consumption in Minnesota shall register with the commissioner and give the name and address of all agents operating in Minnesota, the location of all distribution or sales houses, offices*

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or other places of business in Minnesota, and such other information as the commissioner may require.

Sec. 22. [297A.22] Presumption of purpose of sale, burden of proof. *For the purpose of the proper administration of this Article and to prevent evasion of the use tax and the duty to collect the use tax, it shall be presumed that all retail sales for delivery in Minnesota are for storage, use or other consumption in Minnesota until the contrary is established. The burden of proving the contrary shall be upon the person who makes the sale but he may take from the purchaser an exemption certificate in accordance with sections 9, 10, 11, 12 and 13 of this Article.*

Sec. 23. [297A.23] Property brought to state; presumption; burden of proof. *Any purchaser of tangible personal property or any items enumerated in section 14 of this Article which are shipped or brought to Minnesota by him after July 31, 1967, shall have the burden of proving that the same were not purchased from a retailer for storage, use or consumption in Minnesota.*

Sec. 24. [297A.24] Taxes in other states. *If any article of tangible personal property or any item enumerated in section 14 of this Article has already been subjected to a tax by any other state in respect of its sale, storage, use or other consumption in an amount less than the tax imposed by this Article, then as to the person who paid the tax in such other state, the provisions of section 14 of this Article shall apply only at a rate measured by the difference between the rate herein fixed and the rate by which the previous tax was computed. If such tax imposed in such other state was three percent or more, then no tax shall be due from such person under section 14 of this Article.*

Sec. 25. [297A.25] Exemptions. *Subdivision 1. The following are specifically exempted from the taxes imposed by this Article:*

(a) *The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;*

(b) *The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of*

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health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein.

(c) *The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;*

(d) *The gross receipts from the sale of tangible personal property, the ultimate destination of which is outside the state of Minnesota and which is not thereafter returned to a point within Minnesota except in the course of interstate commerce.*

(f) *The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of Minnesota Statutes 1965, Chapter 296, whether or not any part of said tax may be subsequently refunded;*

(g) *The gross receipts from the sale of clothing and wearing apparel except the following:*

(i) *all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.*

(ii) *articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.*

(iii) *perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.*

(iv) *trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's*

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sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and road building. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property which is used or consumed in or becomes an ingredient or component part of any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or the state of Minnesota and its agencies, instrumentalities and political subdivisions;

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(k) *The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;*

(l) *The gross receipts from sales of tangible personal property to, and the storage, use or other consumption of such property by persons taxed on the gross earnings basis in lieu of ad valorem taxes under the provisions of Minnesota Statutes 1965, Chapters 294 and 295, and by persons taxed for ad valorem tax purposes under the in lieu provisions of Minnesota Statutes 1965, Chapter 298; provided, however, that the exclusion granted to persons taxed under the provisions of Chapter 298, Minnesota Statutes, shall not apply to machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture, supplies, fixtures and other tangible items purchased for the purposes of administration, including, but not limited to, management, accounting, advertising, industrial and public relations functions;*

(m) *The gross receipts from sales of tangible personal property to, and the storage, use, or other consumption of such property by persons taxed under the provisions of Minnesota Statutes 1965, Sections 270.071 to 270.079, inclusive;*

(n) *The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes;*

(o) *The gross receipts from the sale of caskets and burial vaults.*

Subd. 2. This section shall not be construed to exempt the gross receipts from sales of tangible personal property purchased from the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities or political subdivisions by ultimate consumers, and such purchases are hereby declared to be subject to tax, except as they may be otherwise exempted.

Subd. 3. All articles of tangible personal property brought into Minnesota by a person who was a non-resident of this state immediately prior to bringing such property into this state for his use, storage, or consumption are hereby exempted from the tax imposed by section 14 of this Article.

Subd. 4. Nothing herein shall exempt the gross receipts from

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sales of road building materials intended for use in state trunk highway or interstate highway construction, whether purchased by the state or its contractors.

Sec. 26. [297A.26] Time for payment to commissioner; offset against other taxes. *Subdivision 1. The taxes imposed by this Article shall be due and payable to the commissioner monthly on or before the 25th day of the month next succeeding the month in which the taxable event occurred or succeeding such other reporting period as the commissioner may prescribe.*

Subd. 2. The taxpayer may offset against the taxes payable with respect to any reporting period the amount of taxes imposed by this Article previously paid as a result of any transaction the consideration for which became a debt owed to the taxpayer which became uncollectible during such reporting period, but only in proportion to the portion of such debt which became uncollectible.

Sec. 27. [297A.27] Returns. *Subdivision 1. On or before the 25th day of each month in which taxes imposed by this Article are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for wilfully making a false return. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe.*

Subd. 2. For purposes of the excise tax, a return shall be filed by every retailer. For the purposes of the use tax a return shall be filed by every retailer required to collect such tax and by every person purchasing any items, the storage, use or other consumption of which is subject to the use tax, who has not paid the use tax to a retailer required to collect the tax. All returns shall be signed by the person filing the return or by his agent duly authorized in writing.

Sec. 28. [297A.28] Security. *Whenever he deems it necessary to insure compliance with this Article the commissioner may require a retailer subject thereto to deposit with him security in such form and in such amount as he may determine but not more than twice the estimated average liability for the period for which the returns are required to be filed, or \$10,000, whichever amount is the lesser. The amount of security may be increased or decreased by the commissioner, subject to the limitations herein provided. The commissioner may sell property deposited as security at public auction if necessary in order to recover any tax or any amount required to be collected, including interest and penalties, if any. Notice*

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of the sale must be served upon the person who deposited the security personally, or by mail in the manner hereinafter prescribed for the service of a notice of a deficiency. After any sale any surplus above the amount due not required as security under this section shall be returned to the person who deposited the security.

Sec. 29. [297A.29] Rules and regulations. *The commissioner shall promulgate all needful rules and regulations for the administration and enforcement of this Article not inconsistent with its provisions and such regulations shall have the force and effect of law.*

Sec. 30. [297A.30] Extensions. *The commissioner may extend the time for filing returns and remittance of tax, deficiencies and penalties for not more than 60 days. He may require a tentative return at the time fixed for filing the regularly required return and payment of a tax therewith on the basis of such tentative return.*

Sec. 31. [297A.31] Examinations of return, adjustments, notices and demands. *Subdivision 1. The commissioner shall, as soon as practicable after a return is filed, examine the same and make any investigation or examination of the records and accounts of the person making the return that he deems necessary for determining its correctness. The tax computed on the basis of such examination shall be the tax to be paid. If the tax found to be due exceeds the amount of the tax that has been paid, such excess shall be paid to the commissioner within 30 days after notice of the amount and demand for its payment shall have been mailed to the person making the return. If the amount of the tax found due by the commissioner shall be less than that reported as due on the return, the excess shall be refunded to the person making the return in the manner provided by section 35 of this Article (except that no demand therefor shall be necessary), if he has already paid the whole of such tax, or credited against any unpaid tax; provided, that no refundment shall be made except as provided in section 35 of this Article after the expiration of three years after the filing of the return.*

Subd. 2. The notices and demands provided for by sections 31 and 33 of this Article shall contain a brief statement of the computation of the tax and shall be sent by registered mail to the person making the return at the address given in his return, if any, and if no such address is given, then to his last known address.

Sec. 32. [297A.32] Failure to file return. *If any person required by this Article to file any return shall fail to do so within the time prescribed, or shall make, wilfully or otherwise, an incor-*

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rect, false, or fraudulent return, he shall, on the written demand of the commissioner, file such return, or corrected return, within 30 days after the mailing of such written demand and at the same time pay any tax due on the basis thereof. If such person shall fail within that time to file such return or corrected return, the commissioner shall make for him a return, or corrected return, from his own knowledge and from such information as he can obtain through testimony, or otherwise, and assess a tax on the basis thereof, which tax (less any payments theretofore made on account of the tax for the taxable period covered by such return) shall be paid within 10 days after the commissioner has mailed to such person a written notice of the amount thereof and demand for its payment. Any such return or assessment made by the commissioner shall be prima facie correct and valid, and such person shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto.

Sec. 33. [297A.33] Failure to pay tax, actions; protection against evasion. *Subdivision 1. If any portion of a tax imposed by this Article, including penalties thereon, is not paid within 30 days after it is required to be paid, the commissioner shall bring against the person liable for payment of such tax an action at law, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof under this Article. Such action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the person required to file the return, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by such person shall be conclusive against him. If no such place is named in the return such action may be commenced in Ramsey county. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon execution issued in such an action.*

Subd. 2. If the commissioner has reasonable grounds for believing that the person required to file the return is about to remove himself or his property from this state with the purpose of evading the tax and penalties imposed by this Article, or that the collection of such tax will be jeopardized by delays incident to other methods of collection, he may immediately declare such person's reporting period at an end and assess a tax on the basis of his own knowledge or information available to him, mail such person written notice of the amount thereof, at his last known address, demand its immediate payment; and, if payment is not immediately made, collect the

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tax by the method prescribed in subdivision 1 hereof, except that it need not await the expiration of the periods of time therein specified.

Subd. 3. In addition to all other methods authorized for the collection of the tax, it may be collected in an ordinary action at law or in equity by the state against the person required to file a return.

Subd. 4. No suit shall lie to enjoin the assessment or collection of any taxes imposed by this Article, or the interest and penalties imposed thereby.

Subd. 5. The tax, as assessed by the commissioner, with any penalties included therein, shall be presumed to be valid and correctly determined and assessed, and the burden shall be upon the person required to file the return to establish the incorrectness or invalidity of the assessment.

Sec. 34. [297A.34] Limitations. *Subdivision 1. The amount of taxes assessable with respect to any taxable period shall be assessed within three years after the return for such period is filed. Such taxes shall be deemed to have been assessed within the meaning of this section whenever the commissioner shall have prepared a notice of tax assessment and mailed the same to the person required to file the return by certified or registered mail to the post office address given in the return. The record of such mailing shall be presumptive evidence of the giving of such notice, and such records shall be preserved by the commissioner.*

Subd. 2. If the person required to file the return omits from the return a dollar amount properly includible therein which is in excess of 25 percent of the dollar amount reported in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun at any time within five years after the return was filed.

Subd. 3. For the purposes of this section and of section 35 of this Article, a return filed before the last day prescribed by law for filing thereof shall be considered as filed on such last day.

Subd. 4. In the case of a false or fraudulent return with intent to evade tax or of failure with the same intent to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun at any time.

Subd. 5. Where the assessment of any tax is hereafter made within the period of limitation properly applicable thereto, such tax may be collected by a proceeding in court, but only if begun:

Changes or additions indicated by italics, deletions by strikeout:

(a) *Not later than nine months after the expiration of the period for the assessment of the tax;*

(b) *Not later than nine months after final disposition of any appeal from the order of assessment.*

Sec. 35. [297A.35] Refunds. *Subdivision 1. A person who has paid, voluntarily or otherwise, or from whom there has been collected (other than by the methods provided for in subdivisions 1 and 5 of section 33 of this Article) an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of such excess. No such claim shall be entertained unless filed within two years after such tax was paid or collected, or within three years from the filing of the return, whichever period is the longer. The commissioner shall examine the claim and make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof by registered mail to such person at the address stated upon the return. Any allowance shall include interest on the excess determined at a rate of four percent per annum from the date such excess was paid or collected until the date it is refunded or credited. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any taxes under this Article due from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid, and the state auditor shall cause such refund to be paid out of the proceeds of the taxes imposed by this Article, as other state moneys are expended. So much of the proceeds of such taxes as may be necessary are hereby appropriated for that purpose.*

Subd. 2. If the claim is denied in whole or in part, the claimant may commence an action against the commissioner to recover the amount claimed. Such action may be brought in the district court of the district in which lies the county of the claimant's residence or principal place of business or if an estate or trust, of the principal place of its administration, or in the district court for Ramsey county. Such action may be commenced after the expiration of six months after the claim is filed if the commissioner has not then taken final action thereon, and shall be commenced within 18 months after mailing of the notice of the order denying the claim.

Sec. 36. [297A.36] Liability agreements. *Subdivision 1. The commissioner, or any officer or employee of the state tax department authorized in writing by the commissioner, is authorized to enter into a signed agreement in writing with any person relating to the liability of such person, or of the person or estate for whom he*

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acts, for any tax due under this Article for any taxable period ending prior to the date of the agreement.

Subd. 2. If such agreement is approved by the commissioner within such time as may be stated in the agreement, such agreement shall be final and conclusive; and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact, the matter agreed upon shall not be reopened nor the agreement modified, by any officer, employee, or agent of the state; and, in any suit, action, or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, the agreement shall be conclusive and shall not be annulled, modified, set aside or disregarded.

Sec. 37. [297A.37] **Administration of law.** The commissioner shall administer and enforce the assessment and collection of the taxes imposed by this Article. He shall cause to be prepared blank forms for the returns required by this Article, and shall distribute the same throughout this state and furnish them on application, but failure to receive or secure them shall not relieve any person from any obligation required of him under this Article. The commissioner may prescribe rules and regulations governing the qualification and practice before him of agents and attorneys under the provisions of this Article to the extent and in the manner provided by Minnesota Statutes 1965, Section 290.52. This shall in no way curtail the rights of individuals to appear in their own behalf or partners' or corporations' officers or employees to appear in behalf of their respective partnerships or corporations.

Sec. 38. [297A.38] **Revocation of corporate licenses to do business in state.** Whenever any retailer authorized to collect the tax herein imposed pursuant to section 14 of this Article, fails to comply with any of the provisions of this Article or any regulation of the commissioner prescribed and adopted under this Article the commissioner if such retailer is a corporation authorized to do business in this state under Minnesota Statutes 1965, Chapter 303, may, for reasonable cause, certify to the secretary of state a copy of an order finding that such retailer has failed to comply with certain specified provisions or regulations. The secretary of state shall, upon receipt of such certified copy, revoke the license authorizing said corporation to do business in this state, and shall issue a new license only when such corporation shall have obtained from the commissioner an order finding that such corporation has complied with its obligations under this Article. No order authorized in this section shall be made until the retailer is given an opportunity to be heard and to show cause why such order should not be made,

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and he shall be given 30 days notice of the time and place of such hearing and the reason for the proposed order.

Sec. 39. [297A.39] Penalties. Subdivision 1. *If any tax imposed by this Article, or any portion thereof, is not paid within the time herein specified for the payment, or an extension thereof, or within 30 days after final determination of an appeal to the board of tax appeals relating thereto, there shall be added thereto a specific penalty equal to five percent of the amount remaining unpaid. The amount of said tax not timely paid, together with said penalty shall bear interest at the rate of four percent per annum from the time such tax should have been paid until paid. Any interest and penalty shall be added to the tax and be collected as a par thereof.*

Subd. 2. In case of any failure to make and file a return within the time prescribed by this Article or an extension thereof, unless it is shown that such failure is not due to wilfull neglect, there shall be added to the tax in lieu of the five percent specific penalty provided in subdivision 1 five percent if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate. The amount so added to any tax shall be collected at the same time and in the same manner as the tax due.

Subd. 3. If any person, with intent to evade the tax imposed by this Article, shall fail to file any return required by this Article, or shall with such intent file a false or fraudulent return, there shall also be imposed on him as a penalty an amount equal to 50 percent of any tax (less any amounts paid by him on the basis of such false or fraudulent return) found due from him for the period to which such return related. The penalty imposed by this subdivision shall be collected as part of the tax, and shall be in addition to any other penalties, civil and criminal, provided by this section.

Subd. 4. In addition to the penalties hereinbefore prescribed, any person who wilfully fails to make a return or wilfully makes a false return or wilfully fails to pay over taxes collected for or on behalf of the state, with intent to evade any tax imposed by this Article, shall be guilty of a gross misdemeanor unless the amount of the tax involved exceeds \$100, in which event he shall be guilty of a felony. The term "person" as used in this subdivision includes any officer or employee of a corporation or a member or employee of a partnership who as such officer, member or employee is under a duty to perform the act in respect to which the violation occurs.

Changes or additions indicated by italics, deletions by ~~strikeout~~:

Subd. 5. All payments received shall be credited first to penalties, next to interest, and then to the tax due.

Subd. 6. The commissioner shall have power to abate penalties when in his opinion their enforcement would be unjust and inequitable. The exercise of this power shall be subject to the approval of the attorney general.

Sec. 40. [297A.40] Personal debt; lien. *Subdivision 1. The tax imposed by this Article, and interest and penalties imposed with respect thereto, shall become a personal debt of the person required to file a return from the time the liability therefor arises, irrespective of when the time for payment of such liability occurs. The debt shall, in the case of the executor or administrator of the estate of a decedent and in the case of any fiduciary, be that of such person in his official or fiduciary capacity only unless he shall have voluntarily distributed the assets held in such capacity without reserving sufficient assets to pay such tax, interest, and penalties, in which event he shall be personally liable for any deficiency.*

Subd. 2. The tax imposed by this Article, and interest and penalties imposed with respect thereto, shall become a lien upon all of the real property of the person required to file a return within this state except his homestead, from and after the filing by the commissioner of a notice of such lien in the office of the register of deeds of the county in which such real property is situated.

Sec. 41. [297A.41]. Investigatory powers. *For the purpose of determining the correctness of any return or of determining whether or not any person should have made a return or paid taxes hereunder, the commissioner shall have power to examine, or cause to be examined, any books, papers, records, or memoranda, which may be relevant to making such determinations, whether such books, papers, records, or memoranda, are the property of or in the possession of such person or any other person. He shall have power to require the attendance of any person having knowledge or information which may be relevant, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to such determination, and to administer oaths or affirmations.*

Sec. 42. [297A.42] Examiners; appointment; powers. *Subdivision 1. For the purpose of making such examinations and determinations, the commissioner may appoint such examiners as he may deem necessary.*

Subd. 2. Such examiners shall have all the rights and powers conferred upon the commissioner by section 41 of this Article. The

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clerk of any court of record, or any justice of the peace, upon demand of the commissioner or any such examiner, shall issue a subpoena for the attendance of any witness or the production of any books, papers, records or memoranda before such person. The commissioner may also issue such subpoenas. Disobedience of subpoenas issued under this chapter shall be punished by the district court of the district in which the subpoena is issued as for a contempt of the district court.

Sec. 43. [297A.43] Confidential nature of information. *It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars disclosed in any report or return required by this Article, or any information concerning the affairs of the person making the return acquired from his records, officers, or employees while examining or auditing under the authority of this Article. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.*

Sec. 44. [297A.44] Deposit of revenues; cost of administration; appropriation. *Subdivision 1. All revenues, including interest and penalties, derived from the excise and use taxes imposed by this article shall be deposited by the commissioner in the state treasury and credited to the property tax relief fund.*

Subd. 2. The costs of administration of this article and all refunds thereunder shall be paid from the property tax relief fund. So much as may be necessary therefor is hereby appropriated.

Subd. 3. Until moneys are available under the provisions of this article and subdivision 2 becomes operative, the sum of \$700,000, or so much thereof as may be necessary, is hereby appropriated to the commissioner of taxation from the general revenue fund in the state treasury for the purpose of preparing to administer and to administer the provisions of this article; such sum to be available until expended. This subdivision is in effect upon final enactment.

ARTICLE XIV

Section 1. Minnesota Statutes 1965, Section 290.06, is amended by adding a subdivision to read:

Subd. 3a. Credits against tax. The taxes due under the

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computation in accordance with section 290.06 shall be credited with the following amounts:

(1) *In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$10, and in the case of a trust, \$5;*

(2) *In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$30. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;*

(3) *In the case of an individual, \$15 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.*

(4) (a) *In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$10;*

(b) *In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$10;*

(c) *In the case of a married individual, living with husband or wife, an additional \$15 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$15 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;*

(d) *For the purposes of sub-paragraphs (b) and (c) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.*

(5) *In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this act is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;*

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(6) *If the status of a taxpayer, insofar as it affects the credits allowed under paragraphs 1, 2 and 3 shall change during the taxable year, or if the taxpayer shall either become or cease to be a resident of the state during such taxable year, such credit shall be apportioned, in accordance with the number of months before and after such change. For the purpose of such apportionment, a fractional part of a month shall be disregarded unless more than one-half of the month, in which case it shall be considered as a month. In case of death during a taxable year a credit shall be allowed to the decedent, in proportion to the number of months before his death, and to his estate, in proportion to the number of months after his death, and in any event a minimum credit of \$5 shall be allowed to the decedent and his estate, respectively;*

(7) *In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.*

Except as otherwise provided this subdivision shall apply to all taxable years which begin after December 31, 1966.

Sec. 2. Minnesota Statutes 1965, Section 290.06, is amended by adding a subdivision to read:

Subd. 3b. Temporary credits against tax. Notwithstanding the provisions of section 1 for taxable years which begin after December 31, 1966, and prior to January 1, 1970, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) *In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$19, and in the case of a trust, \$5;*

(2) *In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$38. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;*

(3) *In the case of an individual, \$19 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife, other than a payment of the*

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kind referred to in section 290.072, subdivision 3, shall not be considered a payment by the husband for the support of any dependent.

(4) (a) *In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20;*

(b) *In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20;*

(c) *In the case of a married individual, living with husband or wife, an additional \$20 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$25 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;*

(d) *For the purposes of sub-paragraphs (b) and (c) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.*

(5) *In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this act is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;*

(6) *If the status of a taxpayer, insofar as it affects the credits allowed under paragraphs 1, 2 and 3 shall change during the taxable year, or if the taxpayer shall either become or cease to be a resident of the state during such taxable year, such credit shall be apportioned, in accordance with the number of months before and after such change. For the purpose of such apportionment, a fractional part of a month shall be disregarded unless more than one-half of the month, in which case it shall be considered as a month. In case of death during a taxable year, a credit shall be allowed to the decedent, in proportion to the number of months before his death, and to his estate, in proportion to the number of months after his death, and in any event a minimum credit of \$5 shall be allowed to the decedent and his estate, respectively;*

(7) *In the case of a non-resident individual, credits under paragraphs 1, 2, 3 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income*

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from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 3. Minnesota Statutes 1965, Section 290.06, is amended by adding a subdivision to read:

Subd. 2b. Temporary rates; computation; individuals, estates and trusts. (a) *Notwithstanding the provisions of section 290.06; subdivision 2, for taxable years which begin after December 31, 1966, and prior to January 1, 1970, the income taxes imposed by this chapter upon individuals, estates, and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:*

- (1) *On the first \$500, one and one half percent;*
- (2) *On the second \$500, two percent;*
- (3) *On the next \$1,000, three percent;*
- (4) *On the next \$1,000, five percent;*
- (5) *On the next \$1,000, six percent;*
- (6) *On the next \$1,000, seven percent;*
- (7) *On the next \$2,000, eight percent;*
- (8) *On the next \$2,000, nine percent;*
- (9) *On the next \$3,500, ten percent;*
- (10) *On all over \$12,500, and not over \$20,000, eleven percent;*
- (11) *On the remainder, twelve percent.*

(b) *In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose adjusted gross income for the taxable year is less than \$10,000, at his election shall be computed in accordance with tables prepared and issued by the commissioner of taxation. Such tables shall be prepared upon the same basis as the tables contained in Minnesota Statutes 1961, Section 290.06, taking into account, however, the increase in rates provided by clause (a) of this subdivision.*

Sec. 4. Minnesota Statutes 1965, Section 290.06, Subdivision 4, is amended to read:

Subd. 4. Additional privilege and income tax upon corporations other than banks. There is hereby imposed on all corpora-

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tions (other than banks) required to file a return under the provisions of chapter 290 an additional privilege and income tax equal to 1.8 percent of all taxable net income attributable to this state less credit allowed by section 290.21 and section 290.06, subdivision 3(5). This subdivision shall apply to all taxable years which begin after December 31, 1958, and prior to January 1, ~~1967~~ 1970. The proceeds of the tax imposed by this subdivision shall be deposited in the state treasury to the credit of the income tax school fund. There shall be paid from this income tax school fund all refunds of such taxes erroneously collected from taxpayers under this chapter as provided herein.

Sec. 5. Minnesota Statutes 1965, Section 290.06, Subdivision 6, is amended to read:

Subd. 6. **Surtax upon corporations other than banks.** The rates of taxation fixed by subdivisions 1 and 4 as the several rates to be applied in computing the privilege and income tax imposed by this chapter upon all corporations (other than banks) are increased ten percent of such respective rates. This subdivision shall apply to all taxable years which begin after December 31, 1960 and prior to January 1, ~~1967~~ 1970. The proceeds of the surtax imposed by this subdivision shall be deposited in the state treasury to the credit of the income tax school fund.

Sec. 6. Minnesota Statutes 1965, Section 290.361, Subdivision 6, is amended to read:

Subd. 6. **Surtax.** There is hereby imposed an additional privilege and income tax on corporations subject to the tax imposed by subdivision 2 equal to 1.9 percent of all taxable net income. This subdivision shall apply to all taxable years which begin after December 31, 1958, and prior to January 1, ~~1967~~ 1970. The proceeds of the tax imposed by this subdivision shall be deposited in the state treasury to the credit of the general revenue fund. There shall be paid from this general revenue fund all refunds of such taxes erroneously collected from taxpayers under this chapter as provided herein.

Sec. 7. Minnesota Statutes 1965, Section 290.361, Subdivision 7, is amended to read:

Subd. 7. **Added surtax.** The rates of taxation fixed by subdivisions 2 and 6 as the several rates to be applied in computing the privilege and income tax on banks are increased ten percent of such respective rates. This subdivision shall apply to all taxable years which begin after December 31, 1960 and prior to January 1, ~~1967~~ 1970. The proceeds of the surtax imposed by this subdivision

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shall be deposited in the state treasury to the credit of the general revenue fund.

Sec. 8. Minnesota Statutes 1965, Section 298.011, is amended to read:

298.011 Additional occupation tax. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state as an addition to the occupation tax levied by section 298.01, as amended, an additional occupation tax equal to 2.25 percent of the valuation of all ores (except taconite, semi-taconite and iron sulphides) mined and produced to be assessed, paid, and collected as a part of the occupation tax levied by section 298.01, as amended. This section shall apply to all ores (except taconite, semi-taconite and iron sulphides) mined and produced subsequent to December 31, 1958 and prior to January 1, ~~1967~~ 1970, except as to the collection of taxes theretofore levied and unpaid. Of the proceeds of the tax imposed by this section on ore mined or produced prior to January 1, 1959, 50 percent thereof shall be deposited in the state treasury to the credit of the veterans compensation fund.

The proceeds of the tax imposed by this section on ore mined or produced on or after January 1, 1959 shall be deposited in the state treasury and apportioned and distributed in accordance with the Constitution of the state of Minnesota, Article IX, Section 1A, in the following manner: 50 percent to the general revenue fund, 40 percent for the support of elementary and secondary schools and 10 percent for the general support of the university.

Sec. 9. Minnesota Statutes 1965, Section 340.47, Subdivision 5, is amended to read:

Subd. 5. Surtax on intoxicating liquors. The several rates of taxation levied by subdivision 1 on all intoxicating liquors sold in this state are increased 15 percent except on intoxicating liquors which are within the state on June 30, 1959, and which have been sold within this state by a licensed manufacturer or wholesaler to a retailer or ultimate consumer on or before June 30, 1959. The increase in the several rates of taxation levied by this subdivision on all intoxicating liquors sold in this state shall hereafter be known as the surtax on intoxicating liquors.

The surtax levied hereunder shall be reduced by a credit for any surtax previously paid pursuant to the provisions of Minnesota Statutes, Section 340.47, Subdivision 3.

Notwithstanding the provisions of subdivision 1 and section

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340.60, subdivision 2, the proceeds of the surtax imposed by this subdivision shall be deposited in the state treasury to the credit of the general revenue fund.

This subdivision expires June 30, ~~1967~~ 1969.

Sec. 10. Minnesota Statutes 1965, Section 299.011, is amended to read:

299.011 **Additional tax.** There shall be levied and collected upon all royalty received during each calendar year after 1958, for permission to explore, mine, take out and remove ore (except upon royalties received because of the actual production of taconite, semi-taconite or iron sulphides) from land in this state, as an addition to the tax levied by section 299.01, as amended, a tax of 2.25 percent to be levied and collected as a part of the tax levied by section 299.01, as amended. This section shall be effective as of January 1, 1959, and shall expire on December 31, ~~1966~~ 1969, except as to the collection of taxes theretofore levied and unpaid. The proceeds of the tax imposed by this section shall be deposited in the state treasury to the credit of the general revenue fund.

Sec. 11. Minnesota Statutes 1965, Section 290.92, is amended by adding a subdivision to read:

*Subd. 2a. **Collection at source.** (1) **Deductions.** Every employer making payment of wages on or after October 1, 1961 shall deduct and withhold upon such wages a tax as provided in this section.*

*(2) **Withholding on payroll period.** The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.*

*(3) **Withholding tables.** Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under Minnesota Statutes, Chapter 290 for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration the allowable deduction for federal income tax and the deduction allowable under Minnesota Statutes, Section 290.09, Subdivision 15,*

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and the credits against the tax allowable under the Minnesota Income Tax Act.

The withholding tables and the declarations of estimated tax with respect to amounts and declarations filed during the first six months of the calendar year 1963 shall be determined as if the temporary taxes imposed by Minnesota Statutes 1957, Section 290.06, Subdivision 4, as amended; Subdivision 5, as amended; and Section 290.361, Subdivision 6, as amended; and Section 290.06, Subdivision 7, were continued to be in effect for that taxable year.

(4) **Miscellaneous payroll period.** *If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.*

(5) **Miscellaneous payroll period.** (a) *In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.*

(b) *In any case in which the period, or the time described in (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.*

(6) **Wages computed to nearest dollar.** *If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.*

(7) **Regulations on withholding.** *The commissioner may, by regulations, authorize employers:*

(a) *To estimate the wages which will be paid to any employee in any quarter of the calendar year;*

(b) *To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter*

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

as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) *To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).*

(8) **Additional withholding.** *The commissioner is authorized to provide by regulation, under such conditions and to such extent as he deems proper, for withholding in addition to that otherwise required under this subdivision and subdivision 3 in cases in which the employer and the employee agree to such additional withholding. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.*

Sec. 12. *Minnesota Statutes 1965, Section 290.06, Subdivisions 2a and 3, and Section 290.92, Subdivision 2, are repealed, and Laws 1965, Chapter 884, Article 1, Section 8, is repealed.*

ARTICLE XV

Section 1. **[275.49] Computation of salaries, etc., tied to tax valuation.** *For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is related in any manner to any value or valuation of taxable property within the state or within any of its taxing districts, such property shall include all property of any class exempted from taxation by this act at its value or valuation in 1966 as determined in accordance with law.*

ARTICLE XVI

Section 1. **[273.69] Informational certifications to state auditor; apportionment of funds.** *On or before January 1, 1968, the auditor of each county shall certify to the state auditor:*

Subdivision 1. The total ad valorem property tax levy in dollars imposed upon all classes of property exempted from taxation by this Act within the county for the assessment year 1966, payable in 1967, for the purpose of the county and all cities, villages, boroughs, towns, school districts and other taxing units, bodies and

Changes or additions indicated by italics, deletions by strikeout.

funds within the county. Any ad valorem property tax levy imposed for state purposes shall be considered as being for the purpose of a taxing unit within the county.

Subd. 2. The total ad valorem property tax levy in dollars imposed upon all property not included in the certification under subdivision 1 within the county for the assessment year 1966, payable in 1967, for the purpose of the county and all cities, villages, boroughs, towns, school districts and other taxing units, bodies and funds within the county. Any ad valorem property tax levy imposed for state purposes shall be considered as being for the purpose of a taxing unit within the county.

Subd. 3. The total ad valorem property tax levy upon all property imposed as specified in subdivision 2 hereof in said county for the assessment year 1967.

Subd. 4. The state auditor shall review the certificates required by subdivisions 2, 3 and 7 of this section and shall determine their correctness. In the event any certificate is incorrect he shall require the county auditor to correct the error and resubmit the certificate.

Subd. 5. The amount certified pursuant to subdivision 1 of this section, increased or decreased in the same proportion that the amount certified pursuant to subdivision 3 of this section bears to the amount certified pursuant to subdivision 2 of this section shall be apportioned to each county from the property tax relief fund during each of the years 1968 and 1969 and distributed as provided in subdivision 6 of this section.

Subd. 6. On or before February 28, 1968, the state auditor shall issue his warrant in favor of the treasurer of each county in an amount equal to one half the amount apportioned to such county pursuant to subdivision 5 of this section. On or before June 30, 1968, the state auditor shall issue his warrant in favor of the treasurer of each county distributing the remainder of the amount due for the year 1968. He shall in the same manner make distributions on or before February 28, 1969, and June 30, 1969, to each county equal in amount to the distributions made in 1968.

Subd. 7. Commencing in 1970 and in each even numbered year thereafter the auditor of each county shall, on or before January 15 of that year, certify to the state auditor the total ad valorem property tax levy upon all property within the county for the preceding assessment year imposed for the purpose specified in subdivision 2 of this section. The state auditor shall compare the certificate required

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

by this subdivision with the certificate required by subdivision 2 of this section relating to 1966 and determine the percentage of increase or decrease indicated thereby. For the year in which the certificate is required by this subdivision and the immediately succeeding year there shall be apportioned to each county from the property tax relief fund and distributed in the manner and on the dates provided in subdivision 6 of this section the amount certified pursuant to subdivision 1 of this section, increased or decreased by the percentage so determined.

Subd. 8. Each county auditor shall, on or before the last day of March and the last day of July of each year, make an apportionment of the funds distributed to the county from the property tax relief fund to the various taxing districts within the county on the basis of the same formula used by the state auditor in determining the amount to be apportioned to the county. The county auditor shall certify such apportionment to the county treasurer who shall, within 15 days of the receipt of such certificate, make distribution of the funds received from the property tax relief fund and place the same to the credit of each county fund and all cities, villages, boroughs, towns, school districts, and other taxing units, bodies and funds within the county. Any ad valorem property tax levy imposed for state purposes shall be considered as being for the purpose of a taxing unit within the county. Each taxing district shall, using the same formula used by the county in apportioning the receipts from the property tax relief fund, apportion the amount thereof distributed to such taxing district, between the various funds entitled to receive tax proceeds, and shall make distribution thereof or place the same to the credit of the various funds. The county auditor in making the apportionment provided herein shall take into consideration the organization, consolidation, dissolution or change in the territory comprised within the boundaries of any governmental subdivision and any changes in any taxing units, bodies or funds. Such changes in apportionment shall be based on the agreement of the governmental subdivision, taxing units or bodies involved if any such agreement shall be reached.

ARTICLE XVII

Section 1. [290.981] **Rent credit; entitlement.** *There shall be allowed to each individual claimant defined in section 2 a credit in the amount provided in section 3 in each taxable year to which this article applies. The credit shall be allowed only to an individual who files with the commissioner of taxation a Minnesota income tax return or such other form as the commissioner may prescribe, claiming such credit, whether otherwise required by law to file an income tax return or not.*

Changes or additions indicated by italics, deletions by strikeout.

Sec. 2. [290.982] Claimant. *Claimant means a person who has filed a claim under this article, who was domiciled in this state during the entire calendar year preceding the year in which he files claim for relief, who resided in a rented or leased private commercial unit operated for profit for not less than the last six months of the calendar year covered by the claim. When two or more individuals of a household are able to meet the qualifications for a claimant, they may determine between them as to who the claimant shall be. If they are unable to agree the matter shall be referred to the commissioner of taxation and his decision shall be final. When a unit is occupied by two or more individuals and more than one such individual is able to qualify as a claimant, and some or all such qualified individuals are not related such as a husband and wife, such individuals may determine between them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of taxation and his decision shall be final.*

Sec. 3. [290.983] Amount of credit; offset against tax.
Subdivision 1. The credit allowed by section 1 shall be 3¾ percent of the total amount paid by the claimant during the taxable year as rent for the occupancy of real property used as the place of residence of his household. The credit shall not exceed \$45 in any taxable year. For purposes of this article "rent" does not include payments attributable to heat, light, or other utilities.

Subd. 2. The commissioner of taxation, within the applicable period of limitations, may offset the amount of the credit provided by this article against any liability for income tax on the part of the individual claiming the credit and shall pay the balance due, if any, to such individual. All payments pursuant to this article shall be from the income tax school fund. Periodic transfers from the property tax relief fund shall be made to the income tax school fund in amounts equal to the credits and payments authorized by this article. So much money as is needed therefor is annually appropriated from the property tax relief fund.

Sec. 4. [290.984] Right to file claim. *The right to file claim under this article shall be personal to the claimant and shall not survive his death, but such right may be exercised on behalf of a claimant by his legal guardian or attorney-in-fact. When a claimant dies after having filed a timely claim the amount thereof shall be disbursed to another member of the household as determined by the commissioner of taxation. If the claimant was the only member of his household, the claim may be paid to his executor or administrator, but if neither is appointed and qualified within two years of the filing of the claim, the amount of the claim shall escheat to the state.*

Changes or additions indicated by italics, deletions by strikeout.

Sec. 5. [290.985] **Filing time limit for renters.** *No claim in respect of rent accrued in 1968 shall be paid or allowed unless such claim is actually filed with and in the possession of the department of taxation on or before April 15, 1969. Subject to the same conditions and limitations, claims may be filed on or before April 15, 1969, and each succeeding year in respect of rent accrued.*

Sec. 6. [290.986] **Forms.** *In administering this article, the department of taxation shall make available suitable forms with instructions for claimants, including a form which may be included with or a part of the individual income tax blank. The claim shall be in such form as the commissioner may prescribe.*

Sec. 7. [290.987] **Proof of claim.** *Every claimant under this article shall supply to the department of taxation, in support of his claim reasonable proof of rent paid and the name and address of the owner or managing agent of the property rented.*

Sec. 8. [290.988] **Claims. Subdivision 1. Audit of claim.** *Whenever on the audit of any claim filed under this article the department determines the amount thereof to have been incorrectly determined, the department shall redetermine such claim and notify the claimant of such redetermination and the reasons therefor. Such redetermination shall be final unless appealed to the Minnesota Tax Court within 30 days of notice thereof.*

Subd. 2. Fraudulent claim. *In any case in which it is determined that a claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full, and, if the claim has been paid or a credit has been allowed against income taxes otherwise payable, the credit shall be cancelled and the amount paid may be recovered by assessment as income taxes are assessed. A penalty of 25 percent shall be imposed and such assessment shall bear interest from the due date of the return, until refunded or paid, at the rate of four percent per annum. The claimant in such case, and any person who assisted in the preparation or filing of such excessive claim or supplied information upon which such excessive claim was prepared, with fraudulent intent, shall be guilty of a misdemeanor.*

Subd. 3. Excessive or negligent claim. *In any case in which it is determined that a claim is or was excessive, a ten percent penalty shall be imposed on such excess and if the claim has been paid, or credited against income taxes otherwise payable, the credit shall be reduced or cancelled, and the proper portion of any amount paid shall be similarly recovered by assessment as income taxes are assessed and such assessment shall bear interest at four percent per annum from the date of payment until refunded or paid.*

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

Sec. 9. [290.989] **Appeal.** *Any person aggrieved by the denial, in whole or in part, of relief claimed under this article, except when the denial is based upon late filing of claim for relief, may appeal such denial to the Minnesota Tax Court by filing a petition with the tax court within 30 days after such denial, as provided in Minnesota Statutes 1965, Chapter 271.*

Sec. 10. [290.99] **No relief allowed in certain cases.** *No claim for relief under this article shall be allowed to any person who is a recipient of public funds for the payment of rent during the period for which the claim is filed. No claim for relief under this article shall be allowed to any person residing in a rental unit the rental of which is subject to regulations of a governmental agency, federal, state or local.*

Sec. 11. [290.991] **Alternative relief.** *A claimant may choose the relief granted in this article or in article 6, but he is not entitled to both.*

Sec. 12. [290.992] **Effective date.** *The relief granted under this article is applicable for the rent paid for the year 1968 and thereafter.*

ARTICLE XVIII

Section 1. **Citation.** *This act shall be cited as the Tax Reform and Relief Act of 1967.*

Passed notwithstanding governor's veto June 1, 1967.

EXTRA SESSION

CHAPTER 33—S. F. No. 4

[Coded in Part]

An act relating to home rule charters of cities and villages; amending Minnesota Statutes 1965, Sections 410.05 and 410.27, Subdivision 5.

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

Section 1. Minnesota Statutes 1965, Section 410.05 is amended to read:

410.05 **Home rule charters; charter commission.** *Subdivision 1.* **Appointment.** *When the judges district court of the ju-*

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