

*private, of other states and countries, providing indemnity among themselves for any loss which may be insured against under other provisions of the laws, excepting life and marine insurance; provided, however, that public corporations may so exchange reciprocal or interinsurance contracts only when the issuing exchange has a surplus of three hundred thousand dollars or more and said contracts are issued without contingent liability.*

These contracts may be executed by an attorney, agent, or other representative, herein designated attorney, duly authorized and acting for such subscribers.

Approved April 23, 1945.

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#### CHAPTER 595—H. F. No. 873

*An act relating to non-intoxicating malt liquor and the licensing of exclusive malt liquor stores, amending Minnesota Statutes 1941, Section 340.02, as amended by Laws 1943, Chapter 459, Section 1 and dividing Section 340.12 into subdivisions.*

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

Section 1. Minnesota Statutes 1941, Section 340.02 as amended by Laws 1943, Chapter 459, Section 1 is hereby amended to read as follows:

**340.02. License required to sell.** *Subdivision 1.* It shall be unlawful to sell non-intoxicating malt liquors, at retail, or wholesale, except when licensed as hereinafter provided. There shall be two kinds of licenses:

*Subd. 2.* "On sale" licenses shall permit the licensee to sell such non-intoxicating malt liquors for consumption on the licensed premises, and the license fee therefor shall be \$10.00 per annum, unless the county, city, village, or borough wherein the premises are situated shall fix a higher fee to be paid to such county, city, village, or borough. "On sale" licenses shall be granted only to drug stores, restaurants, hotels, bona fide clubs and establishments for the sale of non-intoxicating malt beverages, cigars, cigarettes, all forms of tobacco, beverages and soft drinks at retail; provided that no manufacturer or wholesaler of such non-intoxicating malt liquors shall have any ownership, in whole or in part, in the

business of any licensee holding an "on sale" license. A bona fide club under sections 340.01, 340.02, and 340.03 to 340.06 is an organization for social or business purposes or for intellectual improvement, or for the promotion of sports, where the serving of such non-intoxicating malt liquors is incidental and not the major purpose of the club.

*Subd. 3.* "Off sale" licenses shall permit the licensee to sell non-intoxicating malt liquors in original packages for consumption off the premises only, and the license fee therefor shall be \$5.00 per annum.

*Subd. 4.* The secretary of state may issue an "on sale" license to any railroad company operating within the state which shall permit such railroad company to sell non-intoxicating malt liquors in its dining cars, buffet cars, cafe cars, and observation cars; such company shall keep a duplicate of such license posted in each car where such malt liquors are served. Each railroad company applying for such license shall pay to the secretary of state a fee of \$25.00 for such license and 25 cents for each duplicate thereof, which fee shall be paid into the state treasury.

*Subd. 5.* A manufacturer of non-intoxicating malt liquor may, without license, sell such liquor to licensed dealers holding either "on sale" or "off sale" licenses, and may sell and deliver the same in quantities of not less than two gallons, direct to consumers at their homes.

*Subd. 6.* No manufacturer of non-intoxicating malt liquor, nor any affiliate or subsidiary company of such manufacturer, shall sell such liquor except as herein restricted. An affiliate or subsidiary company shall be one in which such manufacturer or its stockholders own a majority of the stock.

*Subd. 7.* Licenses hereunder shall be issued only to persons who are citizens of the United States and who are of good moral character and repute.

*Subd. 8.* No manufacturer or wholesaler shall, directly or indirectly, or through a subsidiary or affiliate corporation, or by any officer, director, stockholder or partner thereof, give, lend or advance any money, credit, or other thing of value to any retailer or to any person for the benefit or relief of any retailer, nor furnish, give, lend, lease, or sell to any person any furniture, fixtures, fittings, or equipment; nor shall any manufacturer or wholesaler, directly or indirectly, have any interest in, or pay for, any retail licenses, or advance, furnish, lend or give money for the payment of retail license fees or any expense incident to the obtaining of such license; nor shall

any manufacturer or wholesaler become bound in any manner, directly or indirectly for the repayment of any loan made to, or the fulfillment of any financial obligation of, any retailer; except that manufacturers or wholesalers may:

(a) extend to retailers the usual and customary commercial credits for products of the industry actually sold and delivered; (b) furnish to retailers the containers of consumable products of the industry actually sold and delivered and may recover the same, or the value thereof, if such containers are not returned; (c) furnish, lend, or rent outside signs to retailers, provided the cost of such signs, in the aggregate, furnished, lent, or rented by any manufacturer or wholesaler to any retailer shall not exceed \$100.00 exclusive of erection, installation, and repair charges; but nothing herein shall be construed as affecting signs owned and located in the state on the effective date hereof by any such manufacturer or wholesaler; (d) furnish inside signs, miscellaneous advertising matter, and other items not to exceed, in the aggregate, a cost of \$25.00 in any calendar year to any one retailer; (e) furnish or maintain for retailers such equipment as is designed and intended to preserve and maintain the sanitary dispensing of non-intoxicating malt liquors, provided the expense incurred thereby does not exceed the sum of \$25.00 per tap per calendar year, no part of which shall be paid in cash to any retailer; (f) acquire within ten days after the effective date hereof any furniture, fixtures, fittings, and equipment or any valid lien thereon or interest therein, which were actually installed on the premises of any retailer prior to the effective date hereof; (g) lease or lend to the owner of premises, or to any retailer now or hereafter occupying the premises, any furniture, fixtures, fittings, and equipment actually located on said premises on the effective date hereof.

*Subd. 9.* Any such manufacturer or wholesaler who, within ten days after the effective date hereof, owns any furniture, fixtures, fittings, or equipment in possession of any retailer on the effective date hereof may, within 90 days after said effective date, sell the same to such retailer only for cash on delivery and deliver a bill of sale to the same.

*Subd. 10.* No manufacturer or wholesaler shall hereafter, directly or indirectly, or through a subsidiary or affiliate corporation, or by any officer, director, stockholder, or partner enter into any agreement, oral or written, whether or not incorporated in any chattel mortgage, conditional sales contract, bill of sale, lease land contract, mortgage, deed, or other instrument, wherein and whereby any retailer is required to purchase the non-intoxicating malt liquor of any manufac-

turer to the exclusion, in whole or in part, of the products of other manufacturers.

*Subd. 11.* Any retailer who shall be a part to any violation of *Subdivision 8* or *Subdivision 9*, or who shall receive the benefits thereof, shall be equally guilty of a violation of the provisions thereof and shall be subject to the penalty hereinafter provided.

*Subd. 12.* Any person who shall violate the provisions of *Subdivision 8* or *Subdivision 9* hereof shall be guilty of a gross misdemeanor and each violation shall constitute a separate offense.

Approved April 23, 1945.

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#### CHAPTER 596—H. F. No. 930

*An act relating to taxes on and measured by net income and amending Minnesota Statutes 1941, Section 290.16, as amended by Laws 1943, Chapter 656, Section 10; Section 290.13, Subdivision 5; and Section 290.31.*

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

Section 1. Minnesota Statutes 1941, Section 290.16, as amended by Laws 1943, Chapter 656, Section 10, is hereby amended to read as follows:

**290.16. Deductions.** Subdivision 1. The basis upon which exhaustion, wear, tear, obsolescence, or depletion is to be allowed in respect to any property shall be the same as provided in sections 290.14 and 290.15 for the purpose of determining the loss or gain on the sale or other disposition thereof.

*Subd. 2.* Gains and losses from sales or exchanges of capital assets shall be taken into account in computing net income only to the extent provided in subdivisions 3 through 9 of this section, 290.09, clause (6), 290.09, clause (12).

*Subd. 3.* As used in this section

(1) The term "capital assets" shall mean property held by the taxpayer (whether or not connected with his trade or business), but does not include stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the