

necessary for the administration of the drivers license law and the safety responsibility act is hereby appropriated for that purpose.

Sec. 2. **Effective date.** This act shall take effect July 1, 1947.

Approved April 28, 1947.

CHAPTER 608—H. F. No. 1284
[Not Coded]

An act relating to the imposition and collection of a tax upon earned net profits from businesses and professions, and upon salaries, wages and commissions earned or received by residents or non-residents in any city of the first class now or hereafter having a population of 450,000 inhabitants or over, providing for the allocation and use of the tax so collected, creating an occupational tax fund for such cities, providing for the crediting of tax collections in such fund, authorizing the issuance of revenue warrants in anticipation of the collection of such taxes, and permitting penalties to be imposed and enforced.

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

Section 1. Definitions. The following words when used in this act shall have the meaning ascribed to them in this section, except where the context clearly indicates or requires a different meaning.

Association. "Association" means a partnership, limited partnership, or any other form of unincorporated enterprise, owned by two or more persons.

Business. "Business" means an enterprise, activity, profession, or undertaking of any nature conducted for profit or ordinarily conducted for profit, whether by an individual, copartnership, or association.

Employer. "Employer" means an individual, copartnership, association, corporation, governmental body or unit or agency, or any other entity, who or that employs one or more

persons on a salary, wage, commission, or other compensation basis.

Net Profits. "Net Profits" means the net gain from the operation of a business, profession or enterprise, after provision for all costs and expenses incurred in the conduct thereof, either paid or accrued in accordance with the accounting system used, and without deduction of taxes based on income.

Non-resident. "Non-resident" means an individual, copartnership, or association.

Person. "Person" means every natural person, copartnership, fiduciary or association. Whenever used in any clause prescribing and imposing a penalty, the term "person", as applied to associations, shall mean the partners or members thereof, and as applied to corporations, the officers thereof.

Resident. "Resident" means an individual, copartnership, or association domiciled in such city.

Taxpayer. "Taxpayer" means a person, whether an individual, copartnership, or association required hereunder to file a return of earnings or net profits, or to pay a tax thereon.

The singular shall include the plural, and the masculine shall include the feminine and the neuter.

Sec. 2. Occupational tax. Subdivision 1. Subject to tax; approved by voters. In any city of the first class now or hereafter having a population of 450,000 inhabitants or over, if approved by the voters of such city as hereinafter provided, an annual tax of one per cent is hereby imposed on

(a) Salaries, wages, commissions, or other compensation earned after July 1, 1947, by residents of such city; and on

(b) Salaries, wages, commissions, or other compensation earned after July 1, 1947, by non-residents of such city for work done or services regularly performed or rendered therein; and on

(c) The net profits earned after July 1, 1947, of businesses, professions, or other activities conducted by such residents, and on

(d) The net profits earned after July 1, 1947, of businesses, professions, or other activities regularly conducted within such city by non-residents.

Subd. 2. Classification of tax. The tax under (a) and (b) herein shall relate to and be imposed upon salaries, wages,

commissions, and other compensation paid by an employer or on his behalf to any person who is employed or renders services to him. The tax under (c) and (d) herein shall relate to and be imposed on the net profits of any business, profession, or enterprise carried on by any person as owner or proprietor, either individually or as an association with some other person or persons.

Subd. 3. **Income subsequent to July 1, 1947.** Said tax shall be collected and paid with respect to the salaries, wages, commissions, and other compensation earned, and with respect to the net profits to any person of businesses, professions, and other activities earned subsequent to July 1, 1947.

Subd. 4. **Submission to voters.** (a) Such tax shall be submitted to the voters at the next general election in such city following the passage of this act, and at such further times at any city or state general or special election as the Board of Education shall specify, and shall become effective only if approved by a majority of the voters voting on the proposed tax at such election. The ballots used at the election shall summarize the substance of the proposed tax and shall give the voters an opportunity to vote either "for the tax" or "against the tax". If a majority of those voting on the proposed tax at such election vote in favor of the tax it shall go into effect on the first of the month following such elections.

(b) At any time after five years from the effective date of any levy of the tax aforesaid, if a petition signed by qualified electors equal in number to ten per cent of the total vote for Mayor at the last general municipal election is filed with the municipal clerk, requesting that the levy be re-submitted to a vote of the electors, the governing body of said city shall submit such levy.

(c) Each signer of a petition presented under paragraph two of this section shall sign his name in his own handwriting and shall indicate after his name his place of residence by street and number or other description sufficient to identify the signer. The signatures to the petition need not all be appended to one paper. There shall appear on each petition the names and addresses of five electors of the municipality and on each paper the names and addresses of the same five electors who shall be regarded as responsible for the circulation and filing of the petition as a committee of the petitioners. The circulator of each paper shall attach his affidavit that he personally circulated the paper, that all of the signatures appended to it were made in his presence, and that he believes

them to be the genuine signatures of the persons whose names they purport to be. Within 20 days after the petition is filed, the clerk shall determine whether each paper of the petition is properly attested and whether the petition is signed by a sufficient number of voters. Upon completing his examination of the petition, the clerk shall certify the result of his examination to the council. If he certifies that the petition is insufficient, he shall set forth in the certificate the particulars in which it is defective and shall at once notify the committee of the petitioners of his findings. A petition may be amended at any time within ten days after the making of a certificate of insufficiency by the clerk by filing a supplementary petition upon additional papers signed and filed as in the case of the original petition. Within ten days after the amendment to the petition is filed, the clerk shall examine the amended petition and if his certificate shows that the petition is still insufficient, he shall file it in his office and notify the committee of the petitioners of his findings and no further action shall be had on the insufficient petition. If he finds the petition to be sufficient, he shall certify that fact to the council.

(d) At the next regular meeting of the council after the clerk has certified the sufficiency of such a petition, the council shall submit the levy referred to in the petition to the voters at a general or special election. The ballots used at the election shall summarize the substance of the ordinance and shall give the voters the opportunity to vote either "for the tax" or "against the tax." If a majority of those voting on the question favor the tax, it shall remain in effect, otherwise it shall cease to be imposed.

(e) After the result of this referendum has been ascertained, no other referendum shall be taken on the question until at least two years thereafter.

Sec. 3. Paid to city treasurer; credited to occupational tax fund. The tax imposed under section 2 hereafter shall be paid to and collected by the city treasurer of such city and credited to the occupational tax fund hereby created in such city to be used for corporate purposes as hereinafter provided.

Sec. 4. Allocation and distribution of receipts. After payment of all outstanding warrants drawn upon or obligations against said occupational tax fund, and the expense of administration thereof, the balance thereof shall be allocated by the governing body of the school district in such city as follows, and in the order named:

(1) To pay the principal and interest on bonds heretofore issued by the city and now outstanding for school purpose, including refunding bonds heretofore issued to refund school bonds;

(2) To pay the principal and interest on any bonds hereafter issued by the city on behalf of schools;

(3) To finance the annual requirements of the teachers' retirement association, otherwise authorized to be financed by a levy of taxes on real and personal property;

(4) To finance the annual city's portion of pension requirements for those employees of the Board of Education now members of any municipal pension fund, otherwise authorized to be financed by a levy of taxes on real and personal property;

(5) To finance operating and maintenance expenses of the Board of Education.

(6) Notwithstanding the provisions of subsections (1) to (4) inclusive of section 4, the entire proceeds of such tax imposed during the year 1947 may be allocated to finance operating and maintenance expenses of the Board of Education during the year 1947.

Sec. 5. Taxpayer to file annual return. Subdivision 1. **Date of filing return.** Every person whose net profits or earned income are subject to the tax imposed by this act shall on or before March 15 of each year make and file with the city treasurer of the city's return on a form furnished by or obtainable from the city treasurer setting forth the net income received or earned from the effective date of this act during the year 1947 and for each calendar year thereafter; provided, however, that, where the return is made for a fiscal year or any other period different from the calendar year, the return shall be made within 60 days from the end of such fiscal year or other period.

Subd. 2. **Contents of return.** Such return shall also show the amount of the tax imposed by this act upon such earned income or net profits. The person making such return shall at the time of the filing thereof pay to the city treasurer the amount of the tax shown as due thereon; provided, however, that, when the amount of the tax exceeds \$100, the taxpayer shall have the right to pay such tax in equal quarterly installments, the first installment thereof at the time of filing said return or on or before March 15, the other installments thereof on or before June 15, September 15, and December

15, respectively, in said year; provided, further, that, when a portion of the tax so due shall have been deducted at source and shall have been paid to the city treasurer by the person making the said deduction, credit for the amount so paid shall be deducted from the amount shown to be due, and only the balance, if any, shall be due and payable at the time of the filing of said return or as hereinbefore provided; provided, further, that the city treasurer is authorized to provide by regulation that the return of an employer or employers showing the amount of tax deducted by him or them from the salary, wages, commission, or compensation of an employee and paid by him or them to the city treasurer shall be accepted as the return required of any employee whose sole income subject to the tax hereby imposed is such salary, wages, commission, or compensation.

Sec. 6. Deduction by employer; quarterly payment to city treasurer. Each employer within such city who employes one or more persons on a salary, wage, commission, or other compensation basis shall deduct monthly, or oftener than monthly, at the time of the payment thereof the tax imposed by this act and shall on or before the last day of the month following the close of each of the quarters ending September 30, December 31, March 31, and June 30 make a return and pay to the city treasurer the amount of tax so deducted. Said return shall be on the form or forms furnished by or obtainable from the city treasurer and shall set forth the name and residence of each employee of said employer during all or any part of the preceding months, the amount of salaries, wages, or commissions, or other compensation, earned during such preceding month by each of such employees, together with such other pertinent information as the city treasurer may require; provided, however, that failure to make such deduction and payment as herein provided shall not relieve the employee taxpayer from payment of the tax.

Sec. 7. City treasurer charged with enforcement; city treasurer employees under civil service. The city treasurer of each city within this act is hereby charged with the enforcement of the provisions of this act and is hereby empowered to prescribe, adopt, promulgate, and enforce rules and regulations as may be necessary for the effective enforcement of the provisions of this act, including provisions for reexamination and correction of returns and payments made by any taxpayer or employer pursuant to this act. The governing body of any city within the provisions of this act is hereby authorized, subject to the civil service rules and regulations, to provide for the appointment and compensation of such

employees, either under existing city departments or otherwise, as may be deemed necessary to carry out effectively the provisions of this act and all rules and regulations made or promulgated by authority hereof; provided, further that such governing body shall provide and make available the necessary office space, furniture, equipment, stationery, books, and records, together with such other equipment as may be necessary for the use of the officers and employees engaged in the administration of this act.

Sec. 8. Salaries and expenses paid out of occupational tax fund; issuance of revenue warrants. All salaries and compensation of employees appointed to administer and carry out the provisions of this act, together with the cost of equipment, furniture, stationery, and other items to be used in connection therewith shall be paid out of the occupational tax fund in the same manner as other municipal funds. Pending the collection of taxes imposed by this act and for the purpose of paying expenses, salaries, wages, or other obligations incurred in administering and carrying out this act, revenue warrants may be issued against said fund to be paid only therefrom, with interest not to exceed three per cent per annum, which revenue warrants shall be legal investments for any municipal or school pension, retirement, or benefit fund and legal investments for all trust companies and banking institutions in this state; provided, further, that, whenever the governing body of the school district shall determine the approximate amount of taxes which will accrue to said fund from taxes imposed by this act during any calendar year, such governing body may, during such calendar year and before the taxes imposed have been collected and received, authorize the issuance of such revenue warrants as hereinbefore provided, the proceeds therefrom to be allocated by the governing body of the school district in the manner and upon the basis as provided for in section 4 of this act, which revenue warrants shall be legal investments as provided for in this section, and such revenue warrants when issued shall be paid only from such occupational tax fund. Provided that warrants issued for the approximate amount of taxes so imposed for the year 1947 may be paid during the year 1948.

Sec. 9. Officials to have access to records of state income tax and other state departments; information confidential. Such city treasurer, or any officer or employee that he may authorize in writing, shall at all times have access to all of the files and records of the state income tax department and the state department of social security for the purpose of

obtaining information relating to the amount of tax required to be paid by any taxpayer under this act. All information so obtained shall be strictly confidential except for official purposes or when used in any judicial proceeding for the enforcement and collection of a tax imposed. Any person who shall divulge information so obtained except as herein provided shall be summarily discharged from employment.

Sec. 10. Interest payable on delinquent taxes. All taxes imposed by this act remaining unpaid after they become due shall bear interest in addition to the amount of unpaid tax at the rate of six per cent per annum, which tax and interest shall be recovered by the city treasurer by appropriate court action in behalf of the city in the same manner as other debts are recoverable.

Sec. 11. Amount of tax paid deductible credit on state income tax. The amount of tax paid by any taxpayer under this act shall be a deductible credit item in computing the amount of his state income tax for the same taxable year.

Sec. 12. Tax not imposed on certain incomes. This act shall not be construed to impose a tax upon pension, retirement or annuity payments; or proceeds from any type or form of insurance; or payments under the workmen's compensation law; or any payments received as the result of personal injury or disability, or any money received as a public grant for relief or similar purposes.

Sec. 13. Violations and penalties. Any person who shall violate any of the provisions of this act shall be guilty of a misdemeanor and punished accordingly.

Sec. 14. Severable. If any part or provision of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not impair or invalidate any other part of [or] provision in the remainder of the act; and, if any part or provision of this act shall for any reason be adjudged by any court of competent jurisdiction constitutionally inapplicable to any case or provision, such judgment shall not impair or invalidate such part of [or] provision as applied to any other case or situation within their terms.

Approved April 28, 1947.