

CHAPTER 801—H.F.No.1609

[Not Coded]

An act relating to Koochiching county; authorizing expenditures in excess of the limitation of tax expenditures from the general revenue fund; repealing Laws 1953, Chapter 169; Laws 1961, Chapter 79; and Laws 1963, Chapter 31, as amended.

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

Section 1. KOOCHICHING COUNTY; EXPENDITURE LIMITATION. On the effective date of this act, and notwithstanding any law to the contrary, Koochiching county shall not be subject to any expenditure limitation except as imposed by operation of a tax levy limitation. All expenditures heretofore made by the county board for any year in excess of the expenditure limitations established for such year are hereby legalized and made valid.

Sec. 2. Laws 1953, Chapter 169; Laws 1961, Chapter 79; Laws 1963, Chapter 31, as amended by Laws 1965, Chapter 86, are hereby repealed.

Sec. 3. *This act shall become effective only after its approval by a majority vote of the board of county commissioners of Koochiching county and upon compliance with Minnesota Statutes, Section 645.021.*

Approved June 4, 1971.

CHAPTER 802—H.F.No.1635

An act relating to taxes on and measured by net income; requiring certain exempt entities to file information returns; providing penalty; amending Minnesota Statutes 1969, Section 290.05.

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

Section 1. Minnesota Statutes 1969, Section 290.05, is amended to read:

290.05 TAXATION; INCOME TAX; EXEMPT INDIVIDUALS, ORGANIZATIONS, ESTATES, TRUSTS. Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall

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

be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

~~(1)~~ (a) National and state banks, except as such banks are subject to the excise tax imposed by sections 290.085 and 290.361;

~~(2)~~ (b) Corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by Minnesota Statutes, Sections 298.01 and 298.011; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty (as defined in section 299.02) shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

~~(3)~~ (c) Farmers' mutual insurance companies organized and existing under the laws of the state and credit unions organized under chapter 52;

~~(4)~~ (d) Fraternal beneficiary associations wherever organized, and public department relief associations of public employees of this state or of any of its political subdivisions;

~~(5)~~ (e) Cooperative or mutual rural telephone associations; and cooperative associations organized under the provisions of Laws 1923, Chapter 326, as amended, which are engaged in the transmission and distribution of electrical heat, light or power upon a mutual and cooperative plan in areas outside the corporate limits of any city or village; but if any such cooperative association engages in supplying electrical heat, light or power to consumers within the corporate limits to this tax computed on that portion of its net income which its gross receipts from consumers within such corporate limits bears to its total gross receipts;

~~(6)~~ (f) Labor, agricultural, and horticultural organizations, no part of the net income of which inures to the benefit of any private member, stockholder, or individual;

~~(7)~~ (g) Farmers', fruit growers', or like associations organized and operated on a cooperative basis (a) for the purpose of processing or marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies and equipment for the use of members or other persons, and

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

turning over such supplies and equipment to them at actual cost, plus necessary expenses; exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the state of incorporation or eight percent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than non-voting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who process or market their products or purchase their supplies and equipment through the association; nor shall exemption be denied any such association because there is accumulated and maintained by it a reserve required by state law or a reasonable reserve for any necessary purpose; such an association may market the products of non-members in an amount the value of which does not exceed the value of the products marketed for members, and may purchase supplies and equipment for non-members in an amount the value of which does not exceed the value of the supplies and equipment purchased for members, provided the value of the purchases made for persons who are neither members nor producers does not exceed 15 percent of the value of all its purchases; business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this clause;

~~(8)~~ (h) Corporations operating or conducting public burying grounds, public schoolhouses, public hospitals, academies, colleges, universities, seminaries of learning, churches, houses of worship, and institutions of purely public charity, no part of the net income of which inures to the benefit of any private member, stockholder, or individual;

~~(9)~~ (i) Any corporation, fund, foundation, trust or association organized for exclusively scientific, literary, religious, charitable, educational, or artistic purposes, or for the purpose of making contributions to or for the use of the United States of America, the state of Minnesota or any of its political subdivisions for exclusively public purposes, or for any combination of the above enumerated purposes, if no part of the net income of any such corporation, fund, foundation, trust or association inures to the benefit of any private member, stockholder, or individual;

~~(10)~~ (j) Business leagues and commercial clubs, not organized for profit and no part of the net income of which inures to the benefit of any private member, stockholder, or individual;

~~(11)~~ (k) Clubs organized and operated exclusively for pleasure, recreation, or other non-profitable purposes, no part of the net income of which inures to the benefit of any private member, stockholder, or individual;

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

~~(12)~~ (l) Any corporation all the stock of which is owned by the United States or which may be exempt from a state franchise or income tax by federal law;

~~(13)~~ (m) The United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

~~(14)~~ (n) Corporations organized by an association exempt under the provisions of clause ~~(7)~~ (g), or members thereof, for the purpose of financing the ordinary crop operations of such members or other producers, and operated in conjunction with such association; exemption shall not be denied any such corporation because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the state of incorporation or eight percent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than non-voting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the corporation, upon dissolution or otherwise, beyond the fixed dividends) is owned by such association, or members thereof; nor shall exemption be denied any such corporation because there is accumulated and maintained by it a reserve required by state law or a reasonable reserve for any necessary purpose;

~~(15)~~ (o) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt from the tax imposed by this chapter;

~~(16)~~ (p) Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents if no part of their net earnings inures (other than through such payments) to the benefit of any private shareholder or individual.

Subd. 2. (a) Corporations, individuals, estates, trusts or organizations claiming exemption under the provisions of subdivision 1, clauses (d), (f), (g), (i), (j), (k), (n), (o) or (p) shall furnish information as to their exempt status under the Internal Revenue Code.

(b) Such corporations, individuals, estates, trusts, and organizations shall file with the commissioner of taxation a copy of any annual report that is required to be filed with the Internal Revenue Service, no later than 10 days after filing the same with the Internal Revenue Service.

Any person required to file a copy of a federal return pursuant to the preceding paragraph who willfully fails to file such return shall be guilty of a misdemeanor.

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

(c) In the event that the Internal Revenue Service revokes, cancels or suspends the exempt status of any corporation, individual, estate, trust or organization referred to in clause (a) of this subdivision, such corporation, individual, estate, trust or organization shall notify the commissioner in writing of such action within 90 days after receipt of notice from the Internal Revenue Service.

Sec. 2. This act shall be effective for all years beginning after December 31, 1971.

Approved June 4, 1971.

CHAPTER 803—H.F.No.1766

[Coded in Part]

An act relating to the department of administration; providing for the preparation of the state payroll; amending Minnesota Statutes 1969, Section 16.027, by adding subdivisions.

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

Section 1. Minnesota Statutes 1969, Section 16.027, is amended by adding a subdivision to read:

Subd. 6. STATE PAYROLL; PREPARATION. All payrolls for the compensation of work performed, by elective and appointive state officers and employees, with the exception of the legislative and judicial branches, shall be prepared by the central payroll section of the department of administration.

Sec. 2. Minnesota Statutes 1969, Section 16.027, is amended by adding a subdivision to read:

Subd. 7. (1) To facilitate the lowering of the payroll preparation cost, the commissioner of administration may authorize certification by authorized officials as to hours worked for payroll purposes in anticipation of the hours actually worked. The commissioner shall prescribe such procedures as may be necessary to assure that no payment shall be made for hours not worked unless covered by leave in accordance with civil service rules and regulations or as provided in clause (2).

(2) Upon certification by the commissioner of administration, any agency of the state government shall release part or all of any fund held for an employee to correct an overpayment to any officer or

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