

having received in pension payments an amount equal to the total amount of the accumulated deductions from his salary heretofore provided for, the full amount of such accumulated deductions, less such pension payments, if any, as have been made to said member shall be paid in one lump sum to the beneficiary or beneficiaries of such member; provided, however, if no valid claim is established therefor such accumulated deductions shall remain with and become the property of said association. No member shall be entitled to interest upon deductions under the provisions of this section.

Sec. 8. Laws 1941, Chapter 196; Laws 1953, Chapter 253; Laws 1955, Chapter 42; and Laws 1961, Chapter 295, are hereby repealed.

Sec. 9. This act shall become effective only after its approval by the governing body of the city of Cloquet, and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved May 22, 1965.

---

CHAPTER 595—H. F. No. 1666

[Not Coded]

*An act relating to St. Louis county; prescribing the salary of the county surveyor.*

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

Section 1. **St. Louis county; surveyor's salary.** The salary of the county surveyor in St. Louis county shall be in such amount as the board of county commissioners may fix.

Sec. 2. This act shall become effective upon approval by the board of county commissioners of the county of St. Louis and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 22, 1965.

---

CHAPTER 596—H. F. No. 2004

*An act relating to a tax on and measured by net income*

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

*exempting certain corporations, individuals, estates and trusts therefrom; amending Minnesota Statutes 1961, Section 290.05.*

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

Section 1. Minnesota Statutes 1961, Section 290.05, is amended to read:

**290.05 Income tax; exemptions; ore mining occupation tax.**

The following corporations, individuals, estates, trusts, and organizations shall 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) National and state banks, except as such banks are subject to the excise tax imposed by sections 290.085 and 290.361;

(2) 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, Chapter 298*; 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 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) Farmers' mutual insurance companies organized and existing under the laws of the state and credit unions organized under chapter 52;

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

(5) 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 of any city, village or borough, then such association shall be subject 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;

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

(6) 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) 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 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) 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) Any corporation, fund, foundation, trust or association organized for exclusively scientific, literary, religious, charitable, educational, or artistic purposes, or for the purpose of making con-

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

tributions 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) 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) 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;

(12) 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) 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) Corporations organized by an association exempt under the provisions of clause (7), 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) 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) Voluntary employees' beneficiary associations provid-

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

ing 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.

Approved May 22, 1965.

---

CHAPTER 597—S. F. No. 383

[Coded]

*An act relating to education; area vocational-technical schools; providing for attendance of nonresident persons who are high school dropouts; amending Minnesota Statutes 1961, Section 121.21, by adding a subdivision.*

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

Section 1. Minnesota Statutes 1961, Section 121.21, is amended by adding a subdivision to read:

*Subd. 9. Area vocational-technical schools; attendance of nonresidents. Any qualified nonresident person who is not a high school graduate who has been out of school at least a year and who has reached the age of 18 but who has not attained his 21st birthday may attend an area vocational school without tuition providing the area school has the room and the facility to receive such student and in that event all state aid and federal aid shall be paid to the area vocational school where the student attends.*

Approved May 22, 1965.

---

CHAPTER 598—S. F. No. 655

[Not Coded]

*An act relating to the fire department relief association and firemen's service pensions in the village of Roseville.*

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

Section 1. **Roseville, village of; firemen's relief association,**

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