

assessments for such benefit districts be made payable at such times as will permit the use thereof for payment of principal of and interest on any bonds issued for the improvement with respect to which they are levied. Interest on the unpaid balance of assessments levied under this section shall be payable semiannually with other taxes levied on such property.

Sec. 6. This act takes effect when approved by a majority of the city council of the city of Duluth and upon compliance with Minnesota Statutes, Section 645.021.

Approved May 25, 1977.

CHAPTER 258—S.F.No.928

An act relating to taxation; altering the requirements for claiming withholding exemptions; amending Minnesota Statutes 1976, Section 290.92, Subdivision 5.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 290.92, Subdivision 5, is amended to read:

Subd. 5. **TAXATION; INCOME TAX; WITHHOLDING; EXEMPTIONS.** (1) Entitlement. An employee receiving wages shall on any day be entitled to the following withholding exemptions:

(a) One exemption for himself;

(b) One additional exemption for himself, if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable a credit for the taxable year under section 290.06, subdivision 3(4) (a) or (c) for having attained the age of 65 before the close of such year;

(c) One additional exemption for himself if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to exist a credit for the taxable year under section 290.06, subdivision 3(4) (b) or (c) for being blind at the close of such year;

(d) If the individual is married, any exemption to which his spouse is entitled, or would be entitled, under subparagraph (a), (b) or (c), if such spouse were an employee receiving wages, but only if such spouse does not have in effect a withholding exemption certificate claiming such exemption;

(e) One dependent exemption for each dependent as that term is defined in section 290.06, subdivision 3(3).

(2) Withholding exemption certificate. Every employee shall, on or before October 1, 1961, or before the date of commencement of employment, whichever is the later,

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furnish his employer with a signed withholding exemption certificate relating to the number of withholding exemptions which he claims, which shall in no event exceed the number to which he is entitled.

(3) Effective date of exemption certificate. Withholding exemption certificates shall take effect as of the beginning of the first payroll period ending, or the first payment of wages made without regard to a payroll period, on or after the date on which such certificate is so furnished. Certificates furnished before October 1, 1961 shall be considered as furnished on that date.

(4) New exemption certificate. A withholding exemption certificate which takes effect under this subdivision shall continue in effect with respect to the employer until another such certificate takes effect under this subdivision. If a withholding exemption certificate is furnished to take the place of an existing certificate, the employer, at his option, may continue the old certificate in force with respect to all wages paid on or before the first status determination date, January 1 or July 1, which occurs at least 30 days after the date on which such new certificate is furnished.

(5) Change of number to reflect next tax year. If, on any day during the calendar year, the number of withholding exemptions to which the employee may reasonably be expected to be entitled at the beginning of his next taxable year is different from the number to which the employee is entitled on such day, the employee shall in such cases and at such times as the commissioner may prescribe, furnish the employer with a withholding exemption certificate relating to the number of exemptions which he claims with respect to such next taxable year, which shall in no event exceed the number to which he may reasonably be expected to be so entitled. Exemption certificates issued pursuant to this paragraph shall not take effect with respect to any payment of wages made in the calendar year in which the certificate is furnished.

(6) Change of number. If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is less than the number of withholding exemptions claimed by the employee on the withholding exemption certificate then in effect with respect to him, the employee shall, within ten days thereafter, furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day. If, on any day during the calendar year, the number of withholding exemptions to which the employee is entitled is greater than the number of withholding exemptions claimed, the employee may furnish the employer with a new withholding exemption certificate relating to the number of withholding exemptions which the employee then claims, which shall in no event exceed the number to which he is entitled on such day.

(7) Form of certificate. Withholding exemption certificates shall be in such form and contain such information as the commissioner may by regulation prescribe.

(8) Notwithstanding the provisions of this subdivision, an employee may elect to claim the same number of withholding exemptions that the employee claims for federal withholding purposes.

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Sec. 2. **EFFECTIVE DATE.** This act is effective the day following final enactment.

Approved May 25, 1977.

CHAPTER 259—S.F.No.1023

[Coded]

An act relating to public indebtedness; regulating the sale of securities by municipalities subject to reverse repurchase agreements; providing penalties for misconduct of municipal officers in the execution of agreements; amending Minnesota Statutes 1976, Section 475.51, by adding a subdivision; and Chapter 475, by adding a section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1976, Section 475.51, is amended by adding a subdivision to read:

Subd. 12. PUBLIC INDEBTEDNESS; REVERSE REPURCHASE AGREEMENTS. "Reverse repurchase agreement" means an obligation incurred by a municipality to repurchase at a fixed future date and price a security sold by it to a financial institution on the date of the agreement, or another security identical as to the issuer, source of payment, principal amount, interest rate, maturity, and redemption provisions. The principal amount of the obligation is the sale price of the security, excluding any accrued interest thereon paid to the municipality. The interest payable by the municipality on the obligation is the difference between the sale price and the repurchase price of the security, excluding any accrued interest thereon received by the financial institution.

Sec. 2. Minnesota Statutes 1976, Chapter 475, is amended by adding a section to read:

[475.76] REVERSE REPURCHASE AGREEMENTS. Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with a bank qualified as depository of funds of the municipality, or with any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds \$10,000,000, or with a reporting dealer to the federal reserve bank of New York.

Subd. 2. Reverse repurchase agreements shall not be included in computing the net debt of a municipality, and may be made without an election or public sale, and the interest payable thereon shall not be subject to the limitation in section 475.55. The interest shall not be deducted or excluded from gross income of the recipient for the purpose of state income, corporate franchise, or bank excise taxes or, if so provided by federal law, for the purpose of federal income tax.

Subd. 3. Reverse repurchase agreements shall be made on behalf of the
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