

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 1863

(SENATE AUTHORS: WESTROM)

DATE
02/27/2025

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Introduction and first reading
 Referred to State and Local Government
 See SF3045

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to local government; modifying requirements for the number of board

1.3 members of a hospital district in Swift County; making technical changes; amending

1.4 Laws 1992, chapter 534, sections 7, subdivisions 1, 2, 3; 8, subdivision 2; 10,

1.5 subdivision 4; 16.

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

1.7 Section 1. Laws 1992, chapter 534, section 7, subdivision 1, is amended to read:

1.8 Subdivision 1. **Governing board.** The hospital district shall be governed by a board of

1.9 directors of ~~at least nine and not more than 12~~ six voting members, elected as provided in

1.10 subdivision 2. All members of the hospital board at the time the hospital district is organized

1.11 shall continue in office until the members of the first board of the hospital district are elected

1.12 and qualify. The hospital district may change the number of board members through adoption

1.13 and amendment of bylaws under section 10, subdivision 5.

1.14 Sec. 2. Laws 1992, chapter 534, section 7, subdivision 2, is amended to read:

1.15 Subd. 2. **Election.** ~~Three~~ Two directors shall be elected by the city council and ~~six~~ four

1.16 directors shall be elected by the county board, unless otherwise provided in the bylaws

1.17 under section 10, subdivision 5. ~~Up to three~~ Additional voting members and additional

1.18 nonvoting members may be provided for in bylaws adopted pursuant to section ~~5~~ 10,

1.19 subdivision 5. As nearly as possible, one-third of the members of the first board of directors

1.20 shall be elected for a term to expire one year from the next December 31 following that

1.21 election, one-third for a term to expire two years from that date, and one-third for a term to

1.22 expire three years from that date. Each of the political subdivisions electing directors shall

1.23 assign terms of office to each director according to these staggered terms. Successors to the

first board members shall each be elected for terms of three years, and all members shall hold office until their successors are elected and qualify. Terms of office shall expire on December 31. In case of vacancy on the board of directors, whether due to death, removal from the district, inability to serve, resignation, removal by the entity that elected the director, or other cause, the majority of the governing body of the entity that elected the director whose position is vacant shall elect a director to fill such vacancy for the then unexpired term.

Sec. 3. Laws 1992, chapter 534, section 7, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The members of the board of directors may receive compensation for their services as such and may be reimbursed for reasonable expenses necessarily incurred in the performance of their duties to the extent provided for in bylaws adopted pursuant to section 5 10, subdivision 5.

Sec. 4. Laws 1992, chapter 534, section 8, subdivision 2, is amended to read:

Subd. 2. **Duties.** The officers shall have the duties specified in this subdivision and additional duties as set forth in bylaws adopted in accordance with section 5 10, subdivision 5. The chair shall preside at all meetings of the board of directors and shall perform all duties usually incumbent upon such an officer. The vice-chair shall preside in the absence of the chair. The secretary shall record the minutes of all meetings of the board and be the custodian of all books and records of the district. The treasurer shall be the custodian of money received by the district and shall see that they are properly accounted for. The board may appoint deputies who shall perform any functions and duties of any officer, subject to the supervision and control of the officer.

Sec. 5. Laws 1992, chapter 534, section 10, subdivision 4, is amended to read:

Subd. 4. **Approval for sale or lease.** Nothing contained in this section 5 shall be construed to authorize the district or its board of directors to at any time sell, lease, or otherwise transfer the management, control or operation of the hospital, including nursing home or other facilities, except upon approval by a majority vote of the county board and the city council.

3.1 Sec. 6. Laws 1992, chapter 534, section 16, is amended to read:

3.2 **Sec. 16. LEASE OF FACILITIES TO NONPROFIT OR PUBLIC CORPORATION.**

3.3 Subject to section ~~5~~ 10, subdivision 4, the hospital district may lease hospital, nursing
3.4 home, or other facilities to be run by a nonprofit or public corporation as community facilities.
3.5 The facilities must be open to all residents of the community on equal terms. The district
3.6 may lease related medical facilities to any person, firm, association, or corporation, at rent
3.7 and on conditions agreed. The term of the lease must not exceed 30 years. The lessee may
3.8 be granted an option to renew the lease for an additional term or to purchase the facilities.
3.9 The terms of renewal or purchase must be provided for in the lease. The hospital district
3.10 may by resolution of its governing body agree to pay to the lessee annually, and to include
3.11 in each annual budget for hospital and nursing home purposes, a fixed compensation for
3.12 services agreed to be performed by the lessee in running the hospital, nursing home, or other
3.13 facilities as a community facility; for any investment by the lessee of its own funds or funds
3.14 granted or contributed to it in the construction or equipment of the hospital, nursing home,
3.15 or other facilities; and for any auxiliary services to be provided or made available by the
3.16 lessee through other facilities owned or operated by it. Services other than those provided
3.17 for in the lease agreement may be compensated at rates agreed upon later. The lease
3.18 agreement must, however, require the lessee to pay a net rental not less than the amount
3.19 required to pay the principal and interest when due on all revenue bonds issued by the
3.20 hospital district to acquire, improve, and refinance the leased facilities, and to maintain the
3.21 agreed revenue bond reserve. The lease agreement must not grant the lessee an option to
3.22 purchase the facilities at a price less than the amount of the bonds issued and interest accrued
3.23 on them, except bonds and accrued interest paid from the net rentals before the option is
3.24 exercised.

3.25 To the extent that the facilities are leased under this section for use by persons in private
3.26 medical or dental or similar practice or other private business, a tax on that use must be
3.27 imposed just as though the user were the owner of the space. It must be collected as provided
3.28 in Minnesota Statutes, section 272.01, subdivision 2.

3.29 **Sec. 7. EFFECTIVE DATE.**

3.30 This act is effective the day after the governing bodies of Swift County and the city of
3.31 Benson comply with the requirements of Minnesota Statutes, section 645.021, subdivisions
3.32 2 and 3.