

state upon which a tax in this state has been paid during the preceding annual period, the amount of any indebtedness upon which taxes have been properly and fully paid under the provisions of sections 287.01 to 287.12 and the aggregate principal amount of bonds, notes, or other evidences of indebtedness issued, guaranteed, or insured as to principal and interest by the State of Minnesota or by a city, county, drainage district, road district, school district, tax district, town, township, village or other civil administration, agency, authority, instrumentality or subdivision thereof, provided such obligations are direct and general obligations of the issuing, guaranteeing, or insuring governmental unit, administration, agency, authority, district, subdivision, or instrumentality or payable from designated revenues pledged to the payment of the principal and interest thereof. The assessor shall deduct the aggregate amount of such real property, tangible personal property, indebtedness and bonds, notes or other evidences of indebtedness from the aggregate amount of such capital, surplus and undivided profits, and the remainder shall be taken as the basis for the valuation of such shares in the hands of the stockholders and shall be assessed at 33 1/3 percent of the full and true value thereof; and such tax shall be in lieu of all other taxes on such investment companies for the year in which such shares are assessed and taxed, except income tax, and shall be in lieu of all other taxes on such shares and taxes on the property of such investment companies, except upon real property, tangible personal property, motor vehicles, mortgage registry taxes, and taxes on franchises measured by income.

Approved April 24, 1959.

CHAPTER 570—S. F. No. 735

[Coded]

An act authorizing the creation and reorganization of hospital districts for the acquisition, betterment, operation, maintenance and administration of hospital and nursing home facilities, and defining the powers and duties of such districts.

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

Section 1. [447.31] **Creation and reorganization of hospital districts.** Subdivision 1. Any four or more cities, villages, and towns, however organized, except cities of the first class, may by resolutions adopted by their respective gov-

erning bodies create a hospital district, and any hospital district now or hereafter formed may by resolutions adopted by its hospital board and by the governing body of each city, village, and town included therein be reorganized, in accordance with the provisions of sections 1 to 9.

Subd. 2. No city, village, or town shall be included in a hospital district created or reorganized hereunder unless its entire territory is included therein and is contiguous at least one point to the territory of one or more of the other cities, villages, or towns included.

Subd. 3. Each such resolution shall state that a hospital district is authorized to be created pursuant to sections 1 to 9, comprising the territory of four or more designated cities, villages, or towns, or that an existing hospital district, with reference to the cities, villages, and towns comprising the same, is authorized to be reorganized pursuant to sections 1 to 9, for the purpose of the acquisition, betterment, operation, maintenance, and administration of such hospital and nursing home facilities as the hospital board shall determine in accordance with sections 1 to 9 to be necessary and expedient; and each such resolution shall be adopted by the approving vote of not less than two-thirds of the members-elect of the governing body or board acting thereon. Each resolution adopted by the governing body of a city, village, or town shall be published in its official newspaper and shall become effective 40 days after such publication, unless within said period a petition shall be filed with the governing body, signed by qualified electors of the city, village, or town, equal in number to five percent of the number of such electors voting at the last preceding election of officers thereof, requesting a referendum on the resolution; in which case the same shall not become effective until approved by a majority of such qualified electors voting thereon at a regular municipal election or a special election which the governing body may call for said purpose. The notice of any such election and the ballot used thereat shall contain the text of the resolution, followed by the question: "Shall the above resolution be approved?"

Subd. 4. The hospital district shall be deemed duly created or reorganized on the effective date of the last resolution required to authorize the same. However, certified copies of each resolution shall be transmitted by the clerk or other recording officer of the governing body or board adopting it to the county auditor of each county in which territory of the hospital district is situated, and upon receipt of all required resolutions each county auditor shall file certified copies there-

of as a public record with the register of deeds of his county, and the county auditor of the county in which the majority of the population of the district is situated shall transmit a certified copy of each resolution to the secretary of state to be filed as a public record.

Subd. 5. As soon as may be after the reorganization or creation of any hospital district, the hospital board or, in the case of a new district, the governing body of the most populous city, village, or town included therein, shall call a special election, to be noticed, held, and canvassed in the manner herein provided for other hospital district elections, to elect a new hospital board, the members of which shall thereupon forthwith qualify and assume the powers and duties hereinafter set forth.

Subd. 6. Every hospital district created or reorganized pursuant to this act shall be a municipal corporation and political subdivision of the state and shall have perpetual succession, may contract and be contracted with, may sue and be sued, may but shall not be required to use a corporate seal, may acquire such real and personal property as it may require, by purchase, gift, devise, lease, or otherwise, and may hold, manage, control, sell, convey, or otherwise dispose of such property as its interests require. Upon reorganization of any district all of the assets, real and personal, of the pre-existing district, including all property the legal title to which may have been held by any county for the use and benefit of the pre-existing district, shall pass to the new reorganized district, and all legally valid and enforceable claims and contract obligations of the pre-existing district shall be assumed by the new reorganized district; and all the taxable property in such district shall be taxable for the payment of any bonded debt theretofore incurred by or on behalf of the pre-existing district. Any properties, real, personal, or mixed, which are acquired, owned, leased, controlled, used, or occupied by a district for the purposes of this act, shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 2. [447.32] **Officers and elections.** Subdivision 1. Each hospital district shall be governed by a hospital board composed of one member elected from each city, village, and town comprising said district and one member elected at large. The term of office of each member of the hospital board shall be four years and until his successors qualify, except that at the first election members shall be elected for terms to be designated by the governing body calling the election, in such manner that one-half of the terms as nearly

as may be, shall expire on December 31 of the then next following even-numbered year and the remaining terms will expire two years from said date; and thereafter, prior to the expiration of the term of each member, a new member shall be elected for a term of four years from said expiration date. Upon the death, resignation, or removal of any member from the hospital district, or upon his failure to qualify, a successor may be appointed by a majority of the remaining members of the board, to hold office until December 31 following the next regular hospital district election, at which election a successor shall be elected to fill the unexpired term. Upon annexation of any additional city, village, or town to the district, in accordance with section 6, its governing body shall by resolution appoint a member to the board, to hold office until December 31 following the next regular hospital district election, at which election a successor shall be elected for a term of either two or four years, to be designated by the hospital board in such manner as to assure that the number of members of the board whose terms expire in any subsequent year will not exceed one-half of the members plus one.

Subd. 2. Regular elections shall be held in each hospital district at the same time and in the same election precincts and at the same polling places as general elections of state and county officers, except that the hospital board may by resolution fix a date, not later than December 7 immediately preceding the expiration of board members' terms, and may establish the whole district as a single election precinct or may establish two or more different election precincts and polling places for such elections; in which event the boundaries of the election precincts and the locations of the polling places shall be defined in the notice of election, either in full or by reference to a description or map on file in the office of the clerk. Special elections may be called by the hospital board at any time to vote on any matter required by law to be submitted to the electors, and such elections shall be held within the election precinct or precincts and at the polling place or places designated by the board or, in the case of the first election of officers of a new district, by the governing body of the most populous city, village, or town included in the district. Advisory ballots may be submitted by the hospital board on any question which it may desire, relating to the affairs of the district, but only at a regular election or at a special election required to be held for another purpose.

Subd. 3. The notice of each election shall be posted in at least one public and conspicuous place within each city,

village, and town included in the district, and shall be published in the official newspaper of the district or, if such paper has not been designated, in a legal newspaper having general circulation within the district, at least one week before the election. Failure to give such notice shall not invalidate the election of an officer of the district. Any voter may contest a hospital district election in accordance with Minnesota Statutes, Sections 208.07 to 208.10, and any laws amending or supplementing the same, and said sections are hereby made applicable to hospital district elections.

Subd. 4. Any person desiring to be a candidate for member of the hospital board shall file with the clerk of the city, village, or town in which he resides, not more than 30 nor less than 12 days before the election, an application to be placed on the ballot as a candidate for election either as member at large or as a member representing such city, village, or town, and all such applications shall be forwarded forthwith to the clerk of the hospital district or, for the first election, the clerk of the most populous city, village, or town. Voting shall be by secret ballot. The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for, and the length of the term of, each office, with an additional blank space for the insertion of another name by the voter. The ballots shall be marked and initialed by at least two judges as official ballots and shall be used exclusively at the election. Any proposition to be voted upon may be printed on the same ballot as that provided for the election of officers or on a different ballot. The hospital board may also authorize the use of voting machines subject to the applicable provisions of Minnesota Statutes, Chapter 209, and any laws amending or supplementing the same. Election judges may be appointed in such number as deemed necessary to receive the votes at each polling place, and may be paid by the district at a rate not to exceed \$1 per hour. The election judges shall act as clerks of election, count the ballots cast, and submit them to the board for canvass. After canvassing the election, the board shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for that office. The clerk shall deliver such certificate to the person entitled thereto in person or by registered mail, and each person so certified shall file an acceptance and oath of office in writing with the clerk within 30 days after the date of delivery or mailing of the certificate. The board may fill any office in the manner provided in subdivision 1 if the person elected thereto fails to

qualify within said period, but such qualification shall be effective if made at any time before action to fill the vacancy has been taken.

Subd. 5. Regular meetings of the hospital board shall be held at least once a month, at such time and place as the board shall by resolution determine, and special meetings may be held at any time upon the call of the chairman or of any two other members, upon written notice mailed to each member three days prior to the meeting, or upon such other notice as the board by resolution may provide, or without notice if each member is present or files with the clerk a written consent to the holding of the meeting, which consent may be filed before or after the meeting. Any action within the authority of the board may be taken by the vote of a majority of the members present at a regular or adjourned meeting or at a duly called special meeting, if a quorum is present. A majority of all the members of the board shall constitute a quorum, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members.

Subd. 6. At its first regular meeting after each regular election, the board shall elect one of their number as chairman, and shall also select a clerk and treasurer who may be members of the board or others, as the board shall determine. The chairman, clerk, and treasurer shall hold office, as such, at the pleasure of the board, subject to the terms of any contract of employment which the board may enter into with the clerk or treasurer.

Subd. 7. The chairman shall preside at all meetings of the board, shall sign orders upon the treasurer for claims allowed by the board, and shall perform all duties usually incumbent upon such an officer. The clerk shall record the minutes of all meetings of the board, shall countersign all orders upon the treasurer, and shall be the custodian of all books and records of the district. The treasurer shall be the custodian of all moneys received by the district, and shall pay out money only on orders signed by the chairman and clerk. Each order shall state the nature of the claim for which it is issued, the name of the payee, and the fund on which it is drawn, and may be so drawn that when signed by the treasurer in an appropriate place it becomes a check on the depository of funds of the hospital district. In case of absence, inability, or refusal of the chairman, clerk, or treasurer to execute and disburse orders in payment of any claim duly allowed by the hospital board, the board may declare any of said offices vacant and fill the same by appointment. The

board may also appoint a deputy to perform any and all functions and duties of any of said officers, subject to the supervision and control of such officer.

Sec. 3. [447.33] **Powers.** Subdivision 1. Each hospital district created or reorganized under this act shall have all of the powers necessary and convenient so that it may provide for the acquisition, betterment, operation, maintenance, and administration of such hospital and nursing home facilities as the hospital board shall determine to be necessary and expedient. The enumeration of specific powers herein is not intended to restrict the power of the board to take any action which, in the reasonable exercise of its discretion, is necessary or convenient for the furtherance of the purpose for which the district exists, and which is not otherwise prohibited by law, whether or not the power to take such action is necessarily implied from any of the powers herein expressly granted.

Subd. 2. Specifically, every district, acting through its hospital board, may:

(1) Employ nursing, administrative, and other personnel, legal counsel, engineers, architects, accountants, and other qualified persons, who may be paid for their services by monthly salaries, hourly wages, and pension benefits, or by such fees as may be agreed on;

(2) Cause reports, plans, studies, and recommendations to be prepared;

(3) Lease, purchase, and contract for the purchase of real and personal property by option, contract for deed, conditional sales contract, or otherwise, and acquire real or personal property by gift;

(4) Lease or construct, equip, and furnish necessary buildings and grounds and maintain the same;

(5) Adopt, by resolution, rules and regulations for the operation and administration of any and all hospital and nursing home facilities under its control, and for the admission of persons thereto;

(6) Impose by resolution, and collect, charges for all services and facilities provided and made available by it;

(7) Levy taxes as hereinafter prescribed;

(8) Borrow money and issue bonds as hereinafter prescribed;

(9) Procure insurance against liability of the district or its officers and employees or both, for torts committed within the scope of their official duties, whether governmental or proprietary, and against damage to or destruction of any of its facilities, equipment, or other property;

(10) Sell or lease any of its facilities or equipment as may be deemed expedient;

(11) Cause audits to be made of its accounts, books, vouchers, and funds by competent public accountants.

Sec. 4. [447.34] Expenses. Expenses of acquisition, betterment, administration, operation, and maintenance of all hospital and nursing home facilities operated by any hospital district shall be paid from the revenues derived therefrom, and to the extent necessary, from ad valorem taxes levied by the hospital board upon all taxable property situated within the district, and, to the extent determined from time to time by the board of county commissioners of any county in which territory of the district is situated, from appropriations made by said board in accordance with the provisions of Minnesota Statutes, Section 376.08, and any future laws amending or supplementing the same. Any moneys appropriated by such board of county commissioners for the acquisition or betterment of facilities of the hospital district may be transferred in the discretion of the hospital board to a sinking fund for bonds issued for that purpose. The hospital board may agree to repay to the county any sums appropriated by the board of county commissioners for this purpose, out of the net revenues to be derived from operation of its facilities, and subject to such terms as may be agreed upon. No taxes levied by a hospital district in any year, other than taxes levied for payment of bonded indebtedness, shall exceed in amount \$1.50 per capita of the population of the district according to the last state or federal census, if the amount proposed to be levied in excess of such amount, when added to the levy subject to the limitations of Minnesota Statutes, Section 275.10 or Section 275.11, of any of the municipalities within the district, would cause such municipal levy to exceed the limitations of such applicable section.

Sec. 5. [447.35] Bonds. Each hospital district may borrow money by the issuance of its general obligation bonds for the acquisition and betterment of hospital and nursing home facilities (including, but without limitation, the provision of an adequate working capital for a new hospital or nursing home), for refunding its outstanding bonds, and for funding valid outstanding orders, by the procedure and sub-

ject to all of the limitations and conditions set forth in Minnesota Statutes, Chapter 475, and any future laws amending or supplementing the same, for the issuance of bonds by municipalities. No bonds of a hospital district shall be deemed to be excluded from its net debt by virtue of the provisions of Minnesota Statutes, Section 475.51, Subdivision 4 (5). Except as may be authorized by special law, the taxes initially levied by any district in accordance with Minnesota Statutes, Section 475.61, for the payment of its bonds, upon property within each municipality included in the hospital district, shall be included in computing the limitations upon the levy of such municipality under Minnesota Statutes, Section 275.10 or Section 275.11, as the case may be; but nothing herein shall limit the taxes required by Minnesota Statutes, Section 475.74, to be levied by the district for payment of any deficiency in its bond sinking funds. If the tax required by Section 475.61 to be levied for any year of the term of a bond issue upon property within any municipality included in the district would, when added to the taxes levied by such municipality for all purposes in the year preceding such issue, exceed the limitations prescribed in Section 275.10 or Section 275.11, the bonds shall not be issued without the consent by resolution of the governing body of such municipality. An election shall be required prior to the issuance of any but funding or refunding bonds. The proposition submitted at any such election shall be whether the hospital board shall be authorized to issue bonds of the district in a specified maximum amount, for the purpose of financing the acquisition and betterment of hospital and nursing home facilities, or of facilities of one of said types if it is not proposed to use the bond proceeds for facilities of the other type. Bonds issued by a hospital district shall not constitute indebtedness for any purpose of any county, city, village, or town whose territory is included therein. The interest on such bonds shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 6. [447.36] **Annexation of territory.** After the creation or reorganization of a hospital district any city, village, or town whose territory is contiguous thereto at any point may request to be annexed to the district. Such resolution shall be subject to referendum in the manner provided in section 1, subdivision 3. All territory annexed shall be subject to taxation like other property in the district for the support of its facilities and for the payment of principal and interest becoming due after the annexation on bonds of the district, whether authorized or issued before or after the annexation. If the hospital district has outstanding bonds or

has voted bonds which are not yet issued, the annexation shall not be requested unless approved by a majority of the electors of the city, village, or town voting thereon at a regular or special election. The hospital board may in its discretion condition its approval of the annexation upon the contribution, by or on behalf of the city, village, or town to be annexed, to the capital improvement fund or the bond sinking fund of the hospital district, of such amount as may be agreed upon as a reasonable estimate of the proportionate share, properly applicable to the annexed territory, of capital costs previously paid by the district, having regard to contributions previously made by cities, villages, and towns in the district and their inhabitants, and principal and interest already paid on bonds of the district. Any city, village, or town requesting to be so annexed may appropriate money or may authorize, issue, and sell its bonds or may accept and expend contributions from private parties for the purpose of paying the proportionate share so agreed upon. Each annexation shall become effective upon the date of adoption of the hospital board's resolution approving the same, or on such subsequent date as said resolution may prescribe. A certified copy of each such resolution shall be filed as provided in section 1, subdivision 4, for the resolutions creating the district.

Sec. 7. Powers supplementary. The powers granted herein are supplementary to and not in substitution for any other powers possessed by counties, cities, villages, and towns in connection with the acquisition, betterment, administration, operation, and maintenance of hospitals and nursing homes and the creation of hospital districts.

Sec. 8. Partial invalidity. If any provision of sections 1 to 9 or the application thereof to any person or circumstance should be held to be invalid, such invalidity shall not affect any other provision or application of sections 1 to 9 which can be given effect without the invalid provision or application, and to this end the provisions of sections 1 to 9 are declared to be severable.

Approved April 24, 1959.

CHAPTER 571—H. F. No. 1275

[Coded in Part]

An act relating to the treatment of animals; amending Minnesota Statutes 1957, Section 614.42.