
CHAPTER 609-H.F.No.1476

[Coded in Part]

An act relating to municipalities; hospital, nursing home and health care facilities; authorizing municipalities to include refinancing of existing indebtedness in the cost of a project; amending Minnesota Statutes 1976, Sections 447.35; 447.45, Subdivision 1; 447.47; 474.01, by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.06.

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

Section 1. Minnesota Statutes 1976, Section 447.35, is amended to read:

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 ambulances and related equipment, for refunding its outstanding bonds, and for funding valid outstanding orders, by the procedure and subject to all of the limitations and conditions set forth in chapter 475, and any future laws amending or supplementing the same, for the issuance of bonds by municipalities. Except for revenue bonds issued pursuant to sections 447.45 through 447.50, no bonds of a hospital district shall be deemed to be excluded from its net debt by virtue of the provisions of section 475.51, subdivision 4(5). Except as may be authorized by special law, the taxes initially levied by any district in accordance with 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 section 275.10 or 275.11, as the case may be; but nothing herein shall limit the taxes required by 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 sections 275.10 or 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, 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. 2. Minnesota Statutes 1976, Section 447.45, Subdivision 1, is amended to read:

447.45 **HOSPITALS AND NURSING HOMES, FACILITIES FOR MENTALLY RETARDED; FINANCING AND LEASING.** Subdivision 1. Any county, city, or hospital

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district, except cities of the first class and counties in which are located any cities of the first class, is authorized, in addition to and not in substitution for any other power granted to it by law, to issue revenue bonds by resolution or resolutions of its governing body to finance the acquisition and betterment of hospital, nursing home and related medical facilities, or any of them, including but without limitation the payment of interest during construction and for a reasonable period thereafter and the establishment of reserves for bond payment and for working capital; ~~provided however, that, and, in connection with the acquisition of any existing hospital or nursing home facilities, to retire outstanding indebtedness incurred to finance the construction of the existing facilities.~~ The authority granted by this section shall not apply to any facility to which sections 145.71 to 145.83 apply, unless a certificate of need has been issued.

Sec. 3. Minnesota Statutes 1976, Section 447.47, is amended to read:

447.47 LEASE OF FACILITIES TO NONPROFIT OR PUBLIC CORPORATION. The county, city or hospital district may lease hospital or nursing home facilities for operation, administration, and maintenance by a nonprofit or public corporation as a community hospital or nursing home, open to all residents of the community upon equal terms, and may lease related medical facilities to any person, firm, association or corporation, upon such rentals and for such term, not exceeding 30 years, and subject to such other conditions as may be agreed. The lessee may be granted an option to renew the lease, for an additional term or terms upon such conditions and rentals, or to purchase the facilities at such price, as may be provided. The county, city or hospital district may by resolution or resolutions of its governing body undertake and agree to pay to the lessee of hospital or nursing home facilities annually, and to include in each annual budget and tax levy for hospital and nursing home purposes, a fixed compensation determined by the governing body to be just and proper compensation for services agreed to be performed by the lessee in the operation, administration, and maintenance of the hospital or nursing home as a community facility; for any investment by the lessee of its own funds or funds granted or contributed to it in the construction or equipment of the hospital or nursing home; and for any auxiliary services to be provided or made available by the lessee through other facilities owned or operated by it; and services other than those provided for in the lease agreement may be compensated at such rates as may be agreed subsequently. Any lease agreement entered into hereunder shall, however, require the lessee to pay a net rental not less than the amount required to pay the principal and interest when due on all revenue bonds issued by the county, city or hospital district for the acquisition and betterment and refinancing of the leased facilities, and to maintain the agreed revenue bond reserve. No such lease agreement shall grant an option to the lessee to purchase the facilities at a price less than the amount of the bonds so issued and interest accrued thereon, except bonds and accrued interest paid from such net rentals before the option is exercised. To the extent that any such facilities are leased in accordance with this section for use by persons in private medical or dental or similar practice or in any other private business, a tax on the privilege of such use shall be imposed in the same amount and to the same extent as though the user were the owner of such space and shall be collected in the manner provided in section 272.01, subdivision 2.

Sec. 4. Minnesota Statutes 1976, Section 474.01, is amended by adding a subdivision to read:

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Subd. 9. The welfare of the state further requires the provision of necessary health care facilities, to the end that adequate health care services be made available to residents of the state at reasonable cost.

Sec. 5. Minnesota Statutes 1976, Section 474.02, is amended by adding a subdivision to read:

Subd. 1c. The term "project" shall also include any properties, real or personal, whether or not now in existence, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including, without limitation, hospitals, nursing homes, and related medical facilities.

Sec. 6. Minnesota Statutes 1976, Section 474.03, is amended to read:

474.03 **POWERS.** Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, regardless of where located, which are deemed necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend such project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of such project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof;

(3) Issue revenue bonds to pay all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on such indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of securities has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of sections 145.71 to 145.83 or chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

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(3) (4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(4) (5) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate such revenues or provide for the payment thereof to a trustee, whether or not such trustee is in possession of the project under a mortgage or otherwise;

(5) (6) Mortgage or otherwise encumber such projects in favor of the municipality or redevelopment agency, the holders of such bonds, or a trustee therefor, provided that in creating any such mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(6) (7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(7) (8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these

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facilities;

~~(8)~~ (9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with such agency respecting such loans or grants;

~~(9)~~ (10) Sell and convey all properties acquired in connection with such projects, including without limitation the sale and conveyance thereof subject to such mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of such properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

~~(10)~~ (11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by such municipality or redevelopment agency under authority of this chapter;

~~(11)~~ (12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that such revenue ~~agent~~ agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of such projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on such land;

~~(12)~~ (13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended; and

~~(13)~~ (14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if such bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if such bond be waived then the said provisions of chapter 514 shall apply in

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respect of work done or labor or materials supplied for the project.

Sec. 7. Minnesota Statutes 1976, Section 474.06, is amended to read:

474.06 **MANNER OF ISSUANCE OF BONDS; INTEREST RATE.** Bonds authorized under this chapter shall be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale shall not be required, and the bonds may mature at any time or times in such amount or amounts within 30 years from date of issue and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bearing interest at such rate or rates, as may be agreed by the contracting party, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law. When bonds authorized under this chapter are issued, they shall state whether they are issued for a project defined in section 474.02, subdivisions 1, 1a, ~~or~~ 1b, or 1c .

Sec. 8. **EFFECTIVE DATE.** This act is effective the day following its final enactment.

Approved March 28, 1978.

CHAPTER 610-H.F.No.1575

An act relating to agriculture; clarifying jurisdiction concerning grain inspection, weighing, sampling and analysis; appropriating money; amending Minnesota Statutes 1976, Sections 17B.03, Subdivision 1; 17B.04, Subdivision 1; and 17B.13.

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

Section 1. Minnesota Statutes 1976, Section 17B.03, Subdivision 1, is amended to read:

17B.03 **GRAIN WEIGHING, SAMPLING, ANALYSIS; LABORATORY EVALUATION.** Subdivision 1. The commissioner of agriculture shall exercise general supervision over the inspection, grading, weighing, sampling, and analysis of grain within the state of Minnesota subject to the provisions of the United States grain standards act of 1976 and the rules promulgated thereunder by the United States department of agriculture.

Sec. 2. Minnesota Statutes 1976, Section 17B.04, Subdivision 1, is amended to read:

17B.04 **STATE INSPECTION AND WEIGHING.** Subdivision 1. **FURNISHING SERVICE.** The commissioner, upon proper application for state inspection or weighing of grain by any person interested at any ~~other point than St. Paul, Minneapolis, or Duluth~~ within the state, may furnish such service, if the commissioner deems it expedient; provided, such person first agrees to pay all costs of the service. Rules governing state

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