CHAPTER 447

HOSPITALS, WELFARE ACTIVITIES

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447.01 MS 1945 [Repealed, 1949 c 119 s 110]

447.02 MS 1945 [Repealed, 1949 c 119 s 110]

447.03 MS 1945 [Repealed, 1949 c 119 s 110]

447.031 MS 2006 [Renumbered 15.001]

447.04 CHARITY BUREAU.

The council of a statutory city with a population over 8,000 may establish and maintain a public charity bureau to give public charitable relief to the city's poor, to help ex-service persons get hospitalization, sick relief, federal aid or benefits, and to pay for the relief.

History: *(1192-1) 1933 c 60 s 1; 1935 c 187; 1973 c 123 art 4 s 7; 1974 c 161 s 16; 1987 c 229 art 10 s 1*

447.045 LIQUOR DISPENSARY FUND, COMMUNITY HOSPITAL APPROPRIATION.

Subdivision 1. **Home rule charter city, fourth class.** If a home rule charter city of the fourth class operates an off-sale municipal liquor dispensary, its council may appropriate not more than $125,000 from the liquor dispensary fund to an incorporated nonprofit hospital association to build a community hospital in the city. The hospital must be governed by a board including two or more members of the city council and be open to all residents of the city on equal terms. The council must not appropriate the money unless the average net earnings of the off-sale municipal liquor dispensary have exceeded $18,000 for the last five completed fiscal years before the date of the appropriation.

Subd. 2. **Statutory city; on-sale and off-sale store.** If the voters of a statutory city operating an on-sale and off-sale municipal liquor store, at a general or special election, vote in favor of contributing from its liquor dispensary fund toward the construction of a community hospital, the city council may appropriate not more than $60,000 from the fund to any incorporated nonprofit hospital association to build a community hospital in the statutory city. The hospital must be governed by a board including two or more members of the statutory city council and be open to all residents of the statutory city on equal terms. This appropriation must not exceed one-half the total cost of construction of the hospital. The council must not appropriate the money unless the average net earnings of the on-sale and off-sale municipal liquor store have been at least $10,000 for the last five completed fiscal years before the date of the appropriation.

Subd. 3. **Statutory city; off-sale or on- and off-sale store.** (a) If a statutory city operates an off-sale, or an on- and off-sale municipal liquor store it may provide for a vote at a general or special election on the question of contributing from the city liquor dispensary fund to build, maintain, and operate a community hospital. If the vote is in favor, the city council may appropriate money from the fund to an incorporated hospital association for a period of four years. The appropriation must be from the net profits or proceeds of the municipal liquor store. It must not exceed $4,000 a year for hospital construction and maintenance or $1,000 a year for operation. The hospital must be open to all residents of the community on equal terms.

(b) The council must not appropriate the money unless the average net earnings of the off-sale, or on- and off-sale municipal liquor store have been at least $8,000 for the last two completed years before the date of the appropriation.

Subd. 4. **Fourth class city operating store.** If a city of the fourth class operates a municipal liquor store, it may provide for a vote at a general or special election on the question of contributing from the profit in the city liquor dispensary fund to build, equip, and maintain a community hospital within the city limits. If the vote is in favor, the city council may appropriate not more than $200,000 from profits in the fund for the purpose. The hospital must be open to all residents of the city on equal terms.

The city may issue certificates of indebtedness in anticipation of and payable only from profits from the operation of municipal liquor stores.

Subd. 5. **Statutory city; appropriation to hospital association.** (a) The council of a statutory city operating a municipal liquor store may appropriate funds from the store's net earnings annually to any incorporated nonprofit hospital association to help maintain and operate the hospital. The appropriation must not exceed 50 percent of the store's net earnings. Money may be appropriated if: (1) the hospital is governed by a board of directors including two or more members of the statutory city council; (2) the hospital grounds and buildings are owned by the municipality and leased to the hospital association; and (3) the hospital is open to all residents of the statutory city on equal terms.

(b) The council must not appropriate the money unless the average net earnings of the municipal liquor store has been at least $8,000 for the last five completed fiscal years before the date of the appropriation.

Subd. 6. **Statutory city; fourth class.** If a fourth class statutory city operates a municipal liquor store, it may provide for a vote at a general or special election on the question of contributing from the city liquor dispensary fund not more than $15,000 a year for five years to build and maintain a community hospital. If the vote is in favor the council may appropriate the money from the fund to an incorporated community hospital association in the city.

Subd. 7. **Statutory city; any store.** If a statutory city operates a municipal liquor store, it may provide for a vote at a general or special election on the question of contributing from the statutory city liquor dispensary fund toward the acquisition, construction, improvement, maintenance, and operation of a

community hospital. If the vote is in favor, the council may appropriate money from time to time out of the net profits or proceeds of the municipal liquor store to an incorporated nonprofit hospital association in the statutory city. The hospital association must be governed by a board of directors elected by donors of $50 or more, who each have one vote. The hospital must be open to all residents of the community on equal terms.

History: *1945 c 416 s 1; 1947 c 5 s 1; 1947 c 151 s 1; 1947 c 321 s 1; 1949 c 146 s 1,2; 1949 c 214 s 1; 1949 c 382 s 1; 1949 c 480 s 1; 1949 c 531 s 1; 1951 c 424 s 1; 1973 c 123 art 4 s 8; 1987 c 229 art 10 s 1*

447.05 HOSPITALS; CHARTER CITIES OF THE THIRD OR FOURTH CLASS.

A home rule charter city of the third or fourth class may acquire, establish, and operate hospitals. The city may take those actions by resolution or ordinance approved by two-thirds of the city council.

History: *(1372-8) 1927 c 292 s 1; 1945 c 102 s 1; 1949 c 119 s 111; 1976 c 44 s 44; 1987 c 229 art 10 s 1*

447.06 ACQUISITION OF SITES AND PROPERTY.

A city mentioned in section 447.05 may acquire property by gift, purchase, or condemnation, to establish, maintain, equip, improve, own, and operate a hospital, hospital site, or hospital grounds within the city limits. The city may hold, own, and operate a hospital, hospital grounds and sites, and other real and personal property previously transferred or conveyed to it for hospital purposes.

History: *(1372-9) 1927 c 292 s 2; 1945 c 102 s 2; 1949 c 119 s 111; 1987 c 229 art 10 s 1*

447.07 RULES.

The city council may adopt rules for the operation of the hospitals and appoint a board to manage its hospital affairs and property, as it finds necessary.

History: *(1372-10) 1927 c 292 s 3; 1945 c 102 s 3; 1949 c 119 s 111; 1987 c 229 art 10 s 1*

447.08 MS 1974 [Repealed, 1976 c 44 s 70]

447.09 MS 1974 [Repealed, 1976 c 44 s 70]

447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.

The governing body of a city of the first class owning a hospital may annually levy a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of estimated market value.

History: *(1493-1) 1919 c 58 s 1; 1973 c 773 s 1; 1987 c 229 art 10 s 1; 1989 c 277 art 4 s 49; 2013 c 143 art 14 s 69*

447.11 SPECIAL FUND.

The proceeds of the tax under section 447.10 must be placed in a separate fund in the city treasury used only to operate and maintain the hospital.

History: *(1493-2) 1919 c 58 s 2; 1987 c 229 art 10 s 1*

447.12 APPLICATION.

Sections 447.10 to 447.13 apply only to cities of the first class that are governed by a charter adopted under the Minnesota Constitution.

History: *(1493-3) 1919 c 58 s 3; 1987 c 229 art 10 s 1*

447.13 POWER GRANTED ADDITIONAL TO EXISTING POWERS.

The power to levy the tax in sections 447.10 to 447.13 is in addition to all existing powers and taxes that the cities may now levy.

History: *(1493-4) 1919 c 58 s 4; 1987 c 229 art 10 s 1*

447.14 GIFTS FOR FREE MEDICAL DISPENSARIES, PUBLIC LIBRARIES.

A city of the first class may accept, in trust, gifts, devises, and bequests of money or property to set up and run free medical dispensaries for the poor of the city or the county in which the city is situated, and free public libraries for city or county residents.

History: *(1592-5) 1913 c 232 s 1; 1987 c 229 art 10 s 1*

447.15 ADMINISTRATION OF TRUST; DESIGNATION OF TRUSTEES.

A city of the first class may administer a gift, devise, or bequest to it in trust for the purposes in sections 447.14 to 447.16, as the donor or testator may designate in the will or trust instrument and in accordance with the terms of the will or instrument. Officers of the city or the county where the city is situated who are designated in the will or other instrument creating the trust shall administer it in accordance with the instrument's terms.

History: *(1592-6) 1913 c 232 s 2; 1987 c 229 art 10 s 1*

447.16 APPLICATION.

Sections 447.14 to 447.16 apply to cities of the first class operating under a home rule charter adopted under the Minnesota Constitution.

History: *(1592-7) 1913 c 232 s 3; 1987 c 229 art 10 s 1*

447.17 MS 1967 [Repealed, 1969 c 224 s 7]

447.18 MS 1967 [Repealed, 1969 c 224 s 7]

447.19 MS 1967 [Repealed, 1969 c 224 s 7]

447.191 MS 1967 [Repealed, 1969 c 224 s 7]

447.20 MS 1967 [Repealed, 1969 c 224 s 7]

447.21 MS 1967 [Repealed, 1969 c 224 s 7]

447.22 MS 1967 [Repealed, 1969 c 224 s 7]

447.23 MS 1974 [Repealed, 1976 c 44 s 70]

447.24 MS 1957 [Repealed, 1959 c 251 s 1]

447.25 MS 1957 [Repealed, 1959 c 251 s 1]

447.26 MS 1957 [Repealed, 1959 c 251 s 1]

447.27 MS 1957 [Repealed, 1959 c 251 s 1]

447.28 MS 1957 [Repealed, 1959 c 251 s 1]

447.29 MS 1957 [Repealed, 1959 c 251 s 1]

447.31 CREATION AND REORGANIZATION OF HOSPITAL DISTRICTS.

Subdivision 1. **Resolutions.** Any two or more cities and towns, however organized, except cities of the first class, may create a hospital district. They must do so by resolutions adopted by their respective governing bodies or electors. A hospital district may be reorganized according to sections 447.31 to 447.37. Reorganization must be by resolutions adopted by the district's hospital board and the governing body or voters of each city and town in the district.

Subd. 2. **Territory.** No city or town shall be included in a hospital district created or reorganized under this section unless its entire territory is included in the district and the territory is contiguous at one or more points to the territory of one or more of the other cities or towns included.

Subd. 3. **Contents of resolution.** A resolution under subdivision 1 must state that a hospital district is authorized to be created under sections 447.31 to 447.37, or that an existing hospital district is authorized to be reorganized under sections 447.31 to 447.37, in order to acquire, improve, and run hospital and nursing home facilities that the hospital board decides are necessary and expedient in accordance with sections 447.31 to 447.37. The resolution must name the two or more cities or towns included in the district. The resolution must be adopted by a two-thirds majority of the members-elect of the governing body or board acting on it, or by the voters of the city or town as provided in this section.

Each resolution adopted by the governing body of a city or town must be published in its official newspaper and takes effect 40 days after publication, unless a petition for referendum on the resolution is filed with the governing body within 40 days. A petition for referendum must be signed by at least five percent of the number of voters voting at the last election of officers. If a petition is filed, the resolution does not take effect until approved by a majority of voters voting on it at a regular municipal election or a special election which the governing body may call for that purpose.

The resolution may also be initiated by petition filed with the governing body of the city or town, signed by at least ten percent of the number of voters voting at the last general election. A petition must present the text of the proposed resolution and request an election on it. If the petition is filed, the governing body shall call a special election for the purpose, to be held within 30 days after the filing of the petition, or may submit the resolution to a vote at a regular municipal election that is to be held within the 30-day period. The resolution takes effect if approved by a majority of voters voting on it at the election. Only one election shall be held within any given 12-month period upon resolutions initiated by petition. The notice of the election and the ballot used must contain the text of the resolution, followed by the question: "Shall the above resolution be approved?"

Subd. 4. **Filing resolutions.** The hospital district is created or reorganized on the effective date of the last resolution required to authorize it. However, certified copies of each resolution must be sent by the clerk or other recording officer of the governing body or board adopting it to the county auditor of each county containing territory in the hospital district. On receiving the required resolutions, each county auditor shall record certified copies of them as a public record with the county recorder of the auditor's county. The county

auditor of the county containing most of the population of the district shall send a certified copy of each resolution to the secretary of state to be filed as a public record.

Subd. 5. **Special election for new board.** As soon as may be after the reorganization or creation of a hospital district, a special election for a new board must be called. The hospital board or, in the case of a new district, the governing body of the most populous city or town in the district, shall call the election. The election must be noticed, held, and canvassed like other hospital district elections. The members of the board qualify immediately on election and assume the powers and duties in this section.

Subd. 6. **Corporate powers of district.** A hospital district created or reorganized under sections 447.31 to 447.37 is a municipal corporation and political subdivision of the state and has perpetual succession. It may contract and be contracted with and sue and be sued. It may use a corporate seal. It may acquire real and personal property as needed. It may hold, manage, control, sell, convey, or otherwise dispose of the property as its interests require.

Upon reorganization of a district, real and personal assets of the preexisting district pass to the new reorganized district. "Assets" includes all property in which the county has held legal title for the use and benefit of the preexisting district. All legally valid and enforceable claims and contract obligations of the preexisting district must be assumed by the new reorganized district. Taxable property in the district is taxable to pay any bonded debt incurred by or on behalf of the preexisting district. Real, personal, or mixed properties that are acquired, owned, leased, controlled, used, or occupied by a district for the purposes of sections 447.31 to 447.37 are exempt from taxation by the state or its political subdivisions.

History: *1959 c 570 s 1; 1961 c 152 s 1-3; 1973 c 123 art 5 s 7; 1976 c 181 s 2; 1986 c 444; 1987 c 229 art 10 s 1; 1992 c 549 art 5 s 15,16; 2005 c 4 s 108*

447.32 OFFICERS AND ELECTIONS.

Subdivision 1. **Terms of office.** Each hospital district shall be governed by a hospital board composed of one member elected from each city and town in the district and one member elected at large. A member's term of office is four years commencing on the first Monday in January and until a successor qualifies. At the first election, however, members must be elected for terms set by the governing body calling the election, so that half the terms, as nearly as may be, expire on the first Monday in January of the next odd-numbered year and the remaining terms expire two years from that date. After that, before a member's term expires, a new member shall be elected for a term of four years from the expiration date.

If a member dies, resigns, fails to qualify, or moves from the hospital district, a successor may be appointed by a majority of the remaining members of the board. The successor shall hold office until the first Monday in January after the next regular hospital district election. At the election a successor must be elected to fill the unexpired term.

When an additional city or town is annexed to the district, in accordance with section 447.36, its governing body shall by resolution appoint a member to the board. The member shall hold office until the first Monday in January after the next regular hospital district election. At the election a successor must be elected for a term of either two or four years, to be set by the hospital board so that the number of members of the board whose terms expire in any later year will not exceed one-half of the members plus one.

Subd. 2. **Elections.** Except as provided in this chapter, the Minnesota Election Law applies to hospital district elections, as far as practicable. Regular elections must be held in each hospital district at the same time, in the same election precincts, and at the same polling places as general elections of state and county officers. It may establish the whole district as a single election precinct or establish two or more different

election precincts and polling places for the elections. If there is more than one precinct, the boundaries of the election precincts and the locations of the polling places must 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 to vote on any matter required by law to be submitted to the voters. A special election must be held on a date authorized by section 205.10, subdivision 3a. Special elections must be held within the election precinct or precincts and at the polling place or places designated by the board. In the case of the first election of officers of a new district, precincts and polling places must be set by the governing body of the most populous city or town included in the district.

Advisory ballots may be submitted by the hospital board on any question it wishes, concerning the affairs of the district, but only at a regular election or at a special election required for another purpose.

Subd. 3. **Election notices.** At least two weeks before the first day to file affidavits of candidacy, the clerk of the district shall publish a notice stating the first and last day on which affidavits of candidacy may be filed, the places for filing the affidavits and the closing time of the last day for filing. The clerk shall post a similar notice in at least one conspicuous place in each city and town in the district at least ten days before the first day to file affidavits of candidacy.

At least 84 days prior to every hospital district election, the hospital district clerk shall provide a written notice to the county auditor of each county in which the hospital district is located. The notice must include the date of the election, the offices to be voted on at the election, and the title and language for each ballot question to be voted on at the election. The county auditor shall immediately provide a notice to the secretary of state in a manner and including information prescribed by the secretary of state.

The notice of each election must be posted in at least one public and conspicuous place within each city and town included in the district at least two weeks before the election. It must be published in the official newspaper of the district or, if a paper has not been designated, in a legal newspaper having general circulation within the district, at least two weeks before the election. Failure to give notice does not invalidate the election of an officer of the district. A voter may contest a hospital district election in accordance with chapter 209. Chapter 209 applies to hospital district elections.

Subd. 4. **Candidates; ballots; certifying election.** (a) A person who wants to be a candidate for the hospital board shall file an affidavit of candidacy for the election either as member at large or as a member representing the city or town where the candidate maintains residence. The affidavit of candidacy must be filed with the city or town clerk not more than 112 days nor less than 98 days before the first Tuesday after the first Monday in November of the year in which the general election is held. The city or town clerk must forward the affidavits of candidacy to the clerk of the hospital district or, for the first election, the clerk of the most populous city or town immediately after the last day of the filing period. A candidate may withdraw from the election by filing an affidavit of withdrawal with the clerk of the district no later than 5:00 p.m. two days after the last day to file affidavits of candidacy.

(b) Voting must be by secret ballot. The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers. Ballots must be prepared as provided in the rules of the secretary of state. The ballots must be marked and initialed by at least two judges as official ballots and used exclusively at the election. Any proposition to be voted on may be printed on the ballot provided for the election of officers. The hospital board may also authorize the use of voting systems subject to chapter 206. Enough election judges may be appointed to receive the votes at each polling place. The election judges shall act as clerks of election, count the ballots cast, and submit them to the board for canvass.

(c) Between the third and 14th days after an election, the board must act as the canvassing board, canvass the returns, and declare the candidate duly elected who received the highest number of votes for each hospital district office and the results of any ballot questions.

(d) After canvassing the election, the board shall issue a certificate of election to the candidate who received the largest number of votes cast for each office. The clerk shall deliver the certificate to the person entitled to it in person or by certified mail. Each person 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 as provided in subdivision 1 if the person elected fails to qualify within 30 days, but qualification is effective if made before the board acts to fill the vacancy.

Subd. 5. **Board meetings.** Regular meetings of the hospital board must be held at least once a month, at a time and place the board sets by resolution. A hospital board which no longer operates a district hospital shall meet annually, or more frequently as determined by the board. Special meetings may be held:

(1) at any time upon the call of the chair or of any two other members;

(2) upon written notice mailed to each member three days before the meeting;

(3) upon other notice as the board by resolution may provide; or

(4) without notice if each member is present or files with the clerk a written consent to holding the meeting. The 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 regular meeting or at a duly called special meeting, if a quorum is present. A majority of all the members of the board constitutes a quorum, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members.

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

Subd. 7. **Officers' duties.** The chair 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 a presiding 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 district books and records. The treasurer shall be the custodian of all money received by the district, and shall pay out money only on orders signed by the chair and clerk. Each order must state the nature of the claim for which it is issued, the name of the payee, and the fund on which it is drawn. It may be drawn so 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 chair, clerk, or treasurer to execute and disburse orders in payment of a claim duly allowed by the hospital board, the board may declare any of their offices vacant and fill them by appointment. The board may also appoint a deputy to perform the functions of the officers, subject to the officers' supervision and control.

Subd. 8. **Compensation.** The members of the hospital board shall receive the compensation fixed by the board. Each board member may also be reimbursed for actual and necessary expenses incurred in the performance of official duties as provided for state employees, except that mileage must be compensated under section 471.665, subdivision 1.

Subd. 9. **Liability for damages.** (a) Except as otherwise provided in this subdivision, no person who serves without compensation as a member of the board of a hospital district created or organized under

sections 447.31 to 447.37 shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a member of the board and did not constitute willful or reckless misconduct. This subdivision does not apply to:

(1) an action or proceeding brought by the attorney general for a breach of a fiduciary duty as a director;

(2) a cause of action to the extent it is based on federal law; or

(3) a cause of action based on the board member's express contractual obligation.

(b) Nothing in this subdivision shall be construed to limit the liability of a member of the board for physical injury to the person of another or for wrongful death which is personally and directly caused by the board member.

(c) For purposes of this subdivision the term "compensation" means any thing of value received for services rendered, except:

(1) reimbursement for expenses actually incurred;

(2) a per diem in an amount not to exceed the per diem authorized for state advisory councils and committees pursuant to section 15.059, subdivision 3; or

(3) payment by the hospital district of insurance premiums on behalf of a member of the board.

History: *1959 c 570 s 2; 1965 c 51 s 76,77; 1971 c 338 s 1; 1973 c 123 art 5 s 7; 1978 c 674 s 60; 1979 c 210 s 1,2; 1986 c 444; 1987 c 229 art 10 s 1; 1987 c 326 s 3; 1991 c 227 s 25-27; 1995 c 207 art 9 s 50; 1999 c 132 s 44; 2000 c 467 s 33,34; 2004 c 293 art 2 s 48,49; 2005 c 156 art 6 s 65; 2010 c 184 s 44; 2013 c 131 art 2 s 80-82; 2017 c 92 art 2 s 24; 2023 c 62 art 4 s 134; 2024 c 112 art 2 s 72; 2025 c 39 art 8 s 88*

447.33 POWERS.

Subdivision 1. **Broad powers of district.** Each hospital district created or reorganized under sections 447.31 to 447.37 has the powers necessary and convenient to acquire, improve, and run the hospital, nursing home facilities, and facilities described in section 447.45, subdivision 2, paragraph (b), as the hospital board finds expedient. The list of powers in this section does not restrict the power of the board. It may take any action reasonably necessary or convenient to further the purpose for which the district exists which is not otherwise prohibited by law.

Subd. 2. **Specific powers.** 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 any fees agreed on;

(2) have reports, plans, studies, and recommendations 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, furnish, and maintain necessary buildings and grounds;

(5) adopt, by resolution, rules for the operation and administration of the hospital and nursing home facilities under its control, and for the admission of patients;

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

(7) levy taxes as prescribed in section 447.34;

(8) borrow money and issue bonds as prescribed in sections 447.345 and 447.35;

(9) buy liability insurance for 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 its facilities or equipment as it finds expedient;

(11) have its accounts, books, vouchers, and funds audited by competent public accountants; and

(12) enter into agreements with a city or county with respect to the facilities described in section 447.45, subdivision 2, that are attached or related to a nursing home, are providing supportive services to elderly persons who are not yet in need of nursing home care, including congregate housing, adult day care, and respite care services, and are owned or operated by the city or county.

History: *1959 c 570 s 3; 1987 c 229 art 10 s 1; 1997 c 94 s 1*

447.331 STUDENT LOAN; MEDICAL SCHOOL, HEALTH-FIELD PROGRAM.

Subdivision 1. **Eligibility; loan amounts.** A hospital district may provide loans for the cost of education and living expenses to students who:

(1) meet eligibility criteria established by resolution of the hospital board;

(2) are enrolled in an accredited medical school or health-related educational program; and

(3) agree in writing to practice medicine in, or accept employment with, the hospital district that has provided the loans for a specified period of time.

No loan may exceed $28,000 to any one applicant. It must be paid in annual installments not to exceed $7,000 per year. No loan may be made to a student who is receiving a similar loan under another program authorized by law. Each recipient shall execute a note to the hospital district payable on demand for the principal amount of the loan and for any interest agreed to by the parties. All other terms for fulfilling the obligation and of breach of the obligation must be determined by the parties and must be fully and clearly stated in the loan contract. If the recipient fails to fulfill the obligation to practice or accept employment, the principal and interest, if any, shall be payable according to the terms of the note.

Subd. 2. **Special law hospital districts.** Subdivision 1 applies to a hospital district organized under special law. A hospital district so organized may spend funds for the purposes authorized by subdivision 1.

History: *1976 c 276 s 1,3; 1984 c 407 s 1; 1987 c 229 art 10 s 1*

447.34 PAYMENT OF EXPENSES; TAXATION.

Subdivision 1. **Expenses paid from revenue, taxes, and appropriations; tax limits.** Expenses of acquiring, improving, and running the hospital, nursing home facilities, and facilities described in section 447.45, subdivision 2, paragraph (b), operated by a hospital district, amounts payable with respect to facilities of the type described in section 447.45, subdivision 2, that are attached or related to a nursing home and are providing supportive services to elderly persons who are not yet in need of nursing home care, including

congregate housing, adult day care, and respite care services, under an agreement between the hospital district and a city or county, expenses incurred under section 447.331, subdivision 1, and expenses of organization and administration of the district and of planning and financing the facilities, must be paid from the revenues derived from them, and to the extent necessary, from ad valorem taxes levied by the hospital board on all taxable property within the district, and, to the extent determined from time to time by the board of county commissioners of any county containing territory of the district, from appropriations made by the county board in accordance with section 376.08. Money appropriated by the board of county commissioners to acquire or improve 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 the terms agreed on.

Subd. 2. **Deciding and certifying tax amount.** On or before September 15 of each year the hospital board shall decide the amount necessary to be raised from ad valorem tax levies to meet its expenses. No later than September 15 the secretary of the hospital board shall certify that amount to the county auditor of each county containing territory in the hospital district. Each county auditor shall assess and extend upon the tax rolls for the year that portion of the certified amount that bears the same ratio to the whole amount as the net tax capacity of taxable property in that part of the hospital district located in the auditor's county bears to the net tax capacity of all taxable property in the hospital district.

Subd. 3. **Tax collection and settlement.** Each county auditor shall add the amount of any levy so determined to the other tax levies on property located in the auditor's county and the hospital district, for collection by the county treasurer with other taxes. When collected, the county treasurer shall settle the taxes with the treasurer of the hospital district in the same way as other taxes are distributed to other political subdivisions. The levies authorized by this section are in addition to other county taxes authorized by law.

History: *1959 c 570 s 4; 1961 c 273 s 1; 1976 c 276 s 2; 1980 c 487 s 16; 1Sp1981 c 4 art 1 s 168; 1986 c 444; 1987 c 229 art 10 s 1; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 5 s 32; 1994 c 416 art 1 s 45; 1997 c 94 s 2*

447.345 TEMPORARY BORROWING AUTHORITY.

Subdivision 1. **Certificates of indebtedness.** A hospital district located wholly outside the seven-county metropolitan area and created or reorganized under sections 447.31 to 447.37 may borrow money by issuing certificates of indebtedness in anticipation of taxes previously levied, revenues, and federal aids. Total indebtedness for the certificates must not exceed $50,000. The proceeds must be used for expenses of administration, operation, and maintenance of the district's hospital and nursing home facilities.

Subd. 2. **Resolution.** The district may authorize and borrow and issue the certificates of indebtedness on passage of a resolution specifying the amount and reasons for borrowing. The resolution must be adopted by a vote of at least two-thirds of its board members. The board shall fix the amount, date, maturity, form, denomination, and other details of the certificates and the date and place for receipt of bids for their purchase. The board shall direct the clerk to give notice of the date and place fixed.

Subd. 3. **Terms of certificates.** Certificates must become due and payable no later than two years from the date of issuance. Certificates must be negotiable and payable to the order of the payee and have a definite due date but may be payable on or before the due date. Certificates must be sold for at least par and accrued interest and must bear interest at not more than eight percent a year. Interest must be payable at maturity or earlier as the board determines. The proceeds of the current tax levies and revenues derived from the facilities of the district and future federal aids and any other district funds that become available must be applied to

the extent necessary to repay the certificates. The full faith and credit of the hospital district must be pledged for their payment.

History: *1971 c 103 s 1; 1987 c 229 art 10 s 1*

447.35 BONDS.

A hospital district may borrow money by the issuance of its general obligation bonds:

(1) to acquire and better hospital and nursing home facilities including the provision of an adequate working capital for a new hospital or nursing home;

(2) for ambulances and related equipment;

(3) for refunding its outstanding bonds; and

(4) for funding valid outstanding orders.

Bonds must be issued by the procedure and subject to the limitations and conditions in chapter 475 for the issuance of bonds by municipalities. Except for revenue bonds issued under sections 447.45 to 447.50, no bonds of a hospital district are excluded from its net debt by virtue of section 475.51, subdivision 4, clause (5). Except as 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, must be included in computing the levy of the municipality; but nothing here limits the taxes required by section 475.74, to be levied by the district for payment of any deficiency in its bond sinking funds. An election is required before the issuance of all bonds except funding or refunding bonds. The proposition submitted at the election must 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 other stated types if it is not proposed to use the bond proceeds for hospital and nursing home facilities. Bonds issued by a hospital district do not constitute indebtedness for any purpose of any county, city, or town whose territory is included in the district.

History: *1959 c 570 s 5; 1969 c 333 s 4; 1973 c 123 art 5 s 7; 1978 c 609 s 1; 1Sp1981 c 4 art 1 s 169; 1983 c 213 s 12; 1987 c 229 art 10 s 1; 1Sp1989 c 1 art 5 s 33*

447.36 ANNEXATION OF TERRITORY.

After the creation or reorganization of a hospital district, a city or town whose territory is contiguous to the district or contiguous to a city or town that is contiguous to the district at any point may ask to be annexed to the district. The resolution is subject to referendum according to section 447.31, subdivision 3. Annexed territory is 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 that are not yet issued, the annexation must not be requested unless approved by a majority of the electors of the city or town voting on the question at a regular or special election. The hospital board may condition its approval of the annexation upon the contribution, by or on behalf of the city or town to be annexed, to the capital improvement fund or the bond sinking fund of the hospital district, of an amount 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 and towns in the district and their inhabitants, and principal and interest already paid on bonds of the district. A city or town asking to be annexed may appropriate money or may authorize, issue, and sell its bonds or may accept and spend contributions from private parties to pay the proportionate share agreed upon. Each

annexation becomes effective upon the date of adoption of the hospital board's resolution approving the annexation, or on a later date as the resolution prescribes. A certified copy of the resolution must be filed as provided in section 447.31, subdivision 4, for resolutions creating the district.

History: *1959 c 570 s 6; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1; 2000 c 290 s 1*

447.37 POWERS SUPPLEMENTARY.

The powers granted here are supplementary to and not in substitution for other powers of counties, cities, and towns in connection with the acquisition, betterment, administration, operation, and maintenance of hospitals and nursing homes and the creation of hospital districts.

History: *1959 c 570 s 7; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1*

447.38 DISSOLUTION: DETACHMENT OF TERRITORY.

Subdivision 1. **Dissolution; petition to board; board's order.** A hospital district created or reorganized pursuant to sections 447.31 to 447.37 may be dissolved upon a petition to the hospital district board. The petition must state the grounds for dissolution, be signed by an authorized officer or officers of the governing body of any city or town included in the hospital district pursuant to a resolution of the governing body, and contain a proposal for distribution of the remaining funds of the district, if any, among the related governmental subdivisions. Except as otherwise provided, a proceeding for dissolution is governed by the provisions relating to proceedings for the organization of districts, so far as applicable. If the board determines that the conditions for the creation of the district no longer exist, that all indebtedness of the district has been paid, and that all property of the district except funds has been disposed of, it may make an order dissolving the district and directing the distribution of its remaining funds, if any, among the related governmental subdivisions on a basis the board determines to be just and equitable, to be specified in the order. Certified copies of the order for dissolution must be transmitted and filed as provided for an order creating a district. The clerk of the board shall also transmit a certified copy of the order to the treasurer of the district. The treasurer shall then distribute the remaining funds of the district as directed by the order, and is responsible for the funds until distributed.

Subd. 2. **Detachment of city or town; same procedure.** A city or town included in the hospital district may be detached from it by the same procedure provided for dissolution of the district. On detachment, all taxable property within the detached area remains subject to taxation for any existing bonded indebtedness of the district to the same extent as it would have been if not detached. The property remains subject to taxation for any other existing indebtedness of the district incurred for any purpose beneficial to the area to the extent the board finds just and equitable, to be specified in the order for detachment. The proper officers shall levy further taxes on the property accordingly.

History: *1963 c 300 s 1; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1*

447.41 ESTABLISHMENT AND OPERATION; WITHDRAWAL.

Except cities of the first class, a city or town or any combination of them acting jointly may, by resolution or ordinance, establish and operate a nursing home or home for the aged, and may acquire by lease not to exceed 15 years, gift, devise, purchase, condemnation, or otherwise any property necessary or desirable and suitable for that purpose. The governing body of the city or town may by ordinance make rules and provide for a managing board as it deems necessary to operate the nursing home or home for the aged. A city or town may withdraw its interest in a nursing home or home for the aged with the consent of each city and

town having an interest in the home, and shall be paid whatever sums may be agreed upon, having due regard for its investment in the home.

History: *1959 c 42 s 1; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1*

447.42 COMMUNITY HOUSE; DEVELOPMENTAL DISABILITIES.

Subdivision 1. **Establishment.** Notwithstanding any provision of Minnesota Statutes to the contrary, any city, county, town, or nonprofit corporation approved by the commissioner of human services, or any combination of them may establish and operate a community residential facility for persons with developmental disabilities or related conditions, as defined in section 256B.02, subdivision 11.

Subd. 2. **Administration.** Community residential facilities established under this section may be administered by a nonprofit corporation, by the political subdivision establishing them or by a community mental health center board organized under section 245.66.

Subd. 3. **Facilities.** The premises and facilities for any community residential facility may be acquired by purchase, lease, or gift and may be established and operated in connection with existing public and private facilities and institutions.

Subd. 4. **Financing.** Any political subdivision described in subdivision 1 may use unspent funds, accept gifts, grants, and subsidies from any lawful source, or apply for federal funds and may use the money for a community residential facility. It may also grant or loan the money to any nonprofit corporation approved by the commissioner of human services for the establishment and operation of a community residential facility.

Subd. 5. **Licensing.** A community residential facility established and operated under this section must meet all applicable licensure standards established by the commissioners of health and human services.

History: *1974 c 292 s 1; 1984 c 654 art 5 s 58; 1985 c 21 s 64; 1987 c 229 art 10 s 1; 1987 c 384 art 2 s 92; 1992 c 464 art 1 s 55; 2005 c 56 s 1; 2024 c 125 art 1 s 29; 2024 c 127 art 46 s 29*

447.45 BONDS FOR HOSPITAL, NURSING HOME, RELATED FACILITIES.

Subdivision 1. **May include construction debt of acquired facility.** A county, city, or hospital district may issue revenue bonds by resolution of its governing body to finance the acquisition and betterment of hospital, nursing home, and related medical facilities. This power is in addition to other powers granted by law and includes, but is not limited to, the payment of interest during construction and for a reasonable period after construction and the establishment of reserves for bond payment and for working capital. In connection with the acquisition of any existing hospital or nursing home facilities, the city, county, or district may retire outstanding indebtedness incurred to finance the construction of the existing facilities.

Subd. 2. **Listed facilities and services are deemed hospital, nursing home.** (a) With respect to facilities for the care, treatment, and training of persons with developmental disabilities, and facilities attached or related to a nursing home providing supportive services to elderly persons who are not yet in need of nursing home care, including congregate housing, adult day care and respite care services, a hospital district, county, or city may exercise the powers in sections 447.45 to 447.50 as if these facilities were hospital or nursing home facilities within the meaning of sections 447.45 to 447.50. "County or city" includes cities of the first class and counties containing them.

(b) With respect to facilities attached or related to a nursing home providing supportive services to elderly persons who are not yet in need of nursing home care, including congregate housing, adult day care,

and respite care services, a hospital district may exercise the powers in sections 447.45 to 447.50 as if these facilities were hospital or nursing home facilities within the meaning of sections 447.45 to 447.50.

History: *1971 c 844 s 1; Ex1971 c 48 s 51; 1974 c 292 s 2; 1978 c 609 s 2; 1Sp1981 c 4 art 1 s 52; 1982 c 614 s 9; 1985 c 21 s 65; 1987 c 229 art 10 s 1; 1992 c 464 art 1 s 55; 1993 c 271 s 5; 1995 c 80 s 1; 1997 c 94 s 3; 1997 c 219 s 6; 2005 c 56 s 1*

447.46 REVENUE PLEDGED.

The county, city, or hospital district may pledge and appropriate the revenues to be derived from its operation of the facilities to pay the principal and interest on the bonds when due and to create and maintain reserves for that purpose, as a first and prior lien on the revenues or, if so provided in the bond resolution, as a lien on the revenues subordinate to the current payment of a fixed amount or percentage or all of the costs of running the facilities.

History: *1971 c 844 s 2; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1; 1995 c 256 s 4*

447.47 LEASING OUT HOSPITAL, NURSING HOME, RELATED FACILITIES.

(a) The county, city, or hospital district may lease hospital or nursing home facilities to be run by a nonprofit or public corporation as a community hospital or nursing home. The facilities must be open to all residents of the community on equal terms.

(b) The city, county, or district may lease related medical facilities to any person, firm, association, or corporation, at rent and on conditions agreed.

(c) The term of the lease must not exceed 30 years. The lessee may be granted an option to renew the lease for an additional term or to purchase the facilities. The terms of renewal or purchase must be provided for in the lease.

(d) The county, city, or hospital district may by resolution of its governing body agree to pay to the lessee annually, and to include in each annual budget and tax levy for hospital and nursing home purposes, a fixed compensation for services agreed to be performed by the lessee in running 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. Services other than those provided for in the lease agreement may be compensated at rates agreed upon later. The lease agreement must, 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 to acquire, improve, and refinance the leased facilities, and to maintain the agreed revenue bond reserve. The lease agreement must not grant the lessee an option to purchase the facilities at a price less than the amount of the bonds issued and interest accrued on them, except bonds and accrued interest paid from the net rentals before the option is exercised.

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

History: *1971 c 844 s 3; 1973 c 123 art 5 s 7; 1978 c 609 s 3; 1987 c 229 art 10 s 1*

447.48 SECURITY FOR BONDS; PLEDGE OF CREDIT FOR BONDS.

In the issuance of bonds the revenues or rentals must be pledged and appropriated by resolution for the use and benefit of bondholders generally, or may be pledged by the execution of an indenture or other appropriate instrument to a trustee for the bondholders. The site and facilities, or any part of them, may be mortgaged to the trustee. The governing body may enter into any covenants with the bondholders or trustee that it finds necessary and proper to assure the marketability of the bonds, the completion of the facilities, the segregation of the revenues or rentals and other funds pledged, and the sufficiency of funds for prompt and full payment of bonds and interest. The bonds shall be deemed to be payable wholly from the income of a revenue-producing convenience within the meaning of section 475.58, unless the governing body also pledges to their payment the full faith and credit of the county, city, or hospital district. In this event, unless otherwise provided by law, the bonds may not be issued unless approved by a majority of the electors voting on the question at a legal election.

History: *1971 c 844 s 4; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1*

447.49 MISCELLANEOUS PROVISIONS.

Bonds issued under sections 447.45 to 447.50 must be issued and sold as provided in chapter 475. If the bonds do not pledge the credit of the county, city, or hospital district as provided in section 447.48, the governing body may negotiate their sale without advertisement for bids. They shall not be included in the net debt of any municipality, and are not subject to interest rate limitations, as defined or referred to in sections 475.51 and 475.55. If the bonds do not pledge the credit of the county, city, or hospital district as provided in section 447.48 and are payable from rental payments to be made under a lease agreement entered into pursuant to section 447.47, the county, city, or hospital district may invest or deposit, or authorize a trustee to invest or deposit, any proceeds of the bonds, rental payments, and income from the investment of them, in any manner and upon any terms and conditions agreed to by the lessee under the lease agreement, resolution, or indenture, notwithstanding chapter 118A, but subject to any statutory provisions that govern the deposit and investment of funds of a lessee which is itself a governmental subdivision or agency.

History: *1971 c 844 s 5; 1973 c 123 art 5 s 7; 1983 c 213 s 13; 1987 c 229 art 10 s 1; 1991 c 342 s 9; 1996 c 399 art 2 s 5*

447.50 REFUNDING BONDS.

A county, city, or hospital district may issue bonds under this chapter by resolution of its governing body to refund bonds issued for the purposes stated in this chapter.

History: *1971 c 844 s 6; 1973 c 123 art 5 s 7; 1987 c 229 art 10 s 1*