

## **S.F. No. 439 – Minnesota Higher Education Facilities Authority restructure and renaming as the Minnesota Health and Education Facilities Authority; construction and financing of health care facilities authority authorization; bonding capacity increase**

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### **Article 1 - Minnesota Health and Education Facilities Authority**

This article expands the authority, scope, and name of the Minnesota Higher Education Facilities Authority (authority) by allowing the authority to provide financing to health care organizations and changing the name to the Minnesota *Health and* Higher Education Authority, which is a revisor instruction in section 25. The authority is a small state agency that was established in 1971 to provide an alternative method for higher education institutions in the state to finance or refinance capital construction projects by issuing tax exempt revenue bonds. The authority does not receive any general fund dollars or any legislative appropriations, as the operating funds are paid from fees charged to the institutions that receive financing services

**Section 1 (136A.25)** changes the agency name from the Minnesota Higher Education Facilities Authority to the Minnesota Health and Education Facilities Authority. The name is further modified in the revisor instruction in Section 25, changing the name to the Minnesota Health and Higher Education Facilities Authority.

**Section 2 (136A.26, subd. 1)** expands the membership of the board to include one additional member, appointed by the governor, who is a trustee, director, officer, or employee of a health care organization.

**Subd. 1b** is a new subdivision adding an advisory, nonvoting member to the board who is the chief executive officer of a Minnesota nonprofit health care association.

**Subd. 2** provides that the membership terms, compensation, removal, and vacancy related to the member under subdivision 1b is governed by Minnesota Statutes, section 15.0575.

**Section 3 (136A.27)** amends the policy statement for the organization to include that health care organizations within the state be provided with appropriate and additional means to establish, acquire, construct, improve, and expand health care facilities in furtherance of their purpose.

**Section 4 (136A.28)** defines the following new terms and modifies existing terms: “affiliate,” “project,” “health care organization,” “education facility,” “health care facility,” and “participating institution.”

**Sections 5 (136A.29, subd. 1)** is a conforming change, incorporates “health care organization”.

**Section 6 (136A.29, subd. 3)** deals with state managerial plans.

**Section 7 (136A.29, subd. 6)** requires a project involving a health care facility to comply with all applicable requirements in state law related to construction or modifications of facilities.

**Sections 8 and 9 (136A.29, subd. 9, and 136A.29, subd. 10)** increases the bond limit and specifies amounts for education and health care facilities, and section 9 relates to the purpose of issuing bonds for health care facilities.

**Sections 10 to 13 (136A.29, subd. 14, 136A.29, subd. 19, 136A.29, subd. 20, and 136A.29, subd. 21)** are technical conforming modifications.

**Section 14 (136A.29, subd. 22)** states that the MHEFA may charge to and apportion among institutions its administrative costs and expenses incurred in the manner as the MHEFA in its judgment deems appropriate.

**Section 15 (136A.29, subd. 24)** gives MHEFA the authority to determine whether an entity is an affiliate, as defined in section 4, subdivision 1a.

**Section 16 (136A.32, subd. 1)** requires the authority to obtain consent by resolution from cities with a population over 100,000 (St. Paul, Minneapolis, and Rochester) before issuing revenue bonds on behalf of a health care organization to finance health care facilities. This requirement does not apply to cities or towns with a population less than 100,000 nor to financing for an institution of higher education

**Sections 17 and 18 (136A.32, subd. 4, and 136A.33)** are technical conforming amendments.

**Section 19, 20, and 21 (136A.34, subd. 3, 136A.34, subd. 4, and 136A.36)** relates to investing bond proceeds and revenues.

**Sections 22 and 23 (136A.38 and 136A.41)** are technical modifications.

**Section 24 (136A.42)** requires the MHEFA to submit an annual report to the Minnesota Historical Society and the Legislative Reference Library on the authority’s activities in the previous year, including all financial activities.

**Section 25** requires the Revisor of Statutes to recode the provisions of the bill in new chapter 16F and change name to “Minnesota Health and Higher Education Facilities Authority” where it appears in statute.

**Section 26** repeals a law allowing the MHEFA and the Office of Higher Education to enter into a mutual agreement so MHEFA staff may also be members of the Office of Higher Education staff.

**Article 2 - Conforming Amendments related to the  
Minnesota Health and Education Facilities Authority**

Article 4 contains conforming amendments in different chapters of law.