

Fiscal Note

2023-2024 Legislative Session

HF355 - 0 - Minnesota Health & Education Facilities Authority

Chief Author: **Kristin Bahner**
 Committee: **Higher Education Finance And Policy**
 Date Completed: **2/13/2023 2:53:50 PM**
 Agency: **Higher Ed Facilities Authority**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Bill expands the debt issuance authority of Minnesota Higher Education Facilities Authority (MHEFA) to include nonprofit HealthCare and nonprofit Senior Living facility project financing.

The expansion is pursuant to requests from nonprofit HealthCare and nonprofit Senior Living organizations received by MHEFA in recent years. The expansion will also provide a stronger base for the Authority to provide conduit (pass-through) bond issuance services to existing nonprofit Higher Education borrowers in the future.

This bill aligns MHEFA bond issuing authority with similar Agencies in surrounding States and other States in the nation.

Assumptions

MHEFA requires no State appropriations or funds, has no taxing power, and is fully funded by fees assessed to borrowers who issue through MHEFA.

MHEFA Bonds are NOT OBLIGATIONS OF THE STATE OF MINNESOTA. The State of Minnesota has no financial, legal, or moral obligation to pay debt service on MHEFA issued debt and does not provide any funding for MHEFA operations.

Expanded issuance to include additional sectors will require additional staff to manage additional financings and additional borrowers expected based on prior requests for financing assistance from nonprofit HealthCare and nonprofit Senior Living organizations.

Expenditure and/or Revenue Formula

Expenditure/Revenue Formula:

	FY23	FY24	FY25	FY26	FY27
Additional FTEs	0.5	1.0	1.5	1.5	1.5
MHEFA Add'l Expenditures (in thousands)	\$50	\$100	\$150	\$150	\$150
MHEFA Add'l Revenue (in thousands)	\$50	\$100	\$150	\$150	\$150

MHEFA fee income is generated from fees charged to borrowers. MHEFA fees are charged based on the cost of

operations and generate no surplus or deficit for MHEFA.

MHEFA is not included in any State Fund and funds all operations of MHEFA through fees charged to borrowers.

MHEFA is not included in the Consolidated State of Minnesota Financial Statement. MHEFA is only referenced in the Notes to the State of Minnesota Financial Statement.

Long-Term Fiscal Considerations

MHEFA receives no State support and is financially independent. The purpose of MHEFA is to provide cost effective financing for institutions of nonprofit Higher Education institutions and HF355/SF439 expands the authority of MHEFA to provide cost effective tax-exempt financing for nonprofit HealthCare institutions and nonprofit Senior Living organizations.

There is no long-term fiscal consideration or obligation of the State of Minnesota from this bill.

Local Fiscal Impact

References/Sources

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