

MINNESOTA • REVENUE

PROPERTY TAX

Itasca County Nursing Home Facility

May 8, 2003

Department of Revenue
Analysis of H.F. 403 (Solberg) / S.F. 347 (Saxhaug)

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

Revenue Gain or (Loss)

	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective upon local approval.

EXPLANATION OF THE BILL

Current Law: Counties may establish and operate a county nursing home. A county board may issue bonds to pay the cost of establishing, equipping, furnishing, enlarging or adding to a county nursing home. The bonds may be general obligations of the county, or they may be revenue bonds under which the revenues of the nursing home are pledged for the payment of the bonds.

No election is necessary to authorize a bond issue for replacing an existing nursing home without increasing the number of accommodations for residents.

Proposed Law: Itasca County may issue revenue bonds, under which payment is funded by pledging the revenue of the nursing home, to finance the construction of a 35-bed nursing home facility to replace an existing 35-bed private facility located in Itasca County. The construction is deemed to constitute a replacement of an existing nursing home without increasing the number of accommodations for the residents.

REVENUE ANALYSIS DETAIL

- According to a source at the Minnesota Department of Health, Itasca County has been notified by the department that the construction of the proposed 35-bed nursing home facility to replace an existing 35-bed private facility is cost neutral because the costs to construct the space for these beds and operate the additional beds is less than the cost of continuing to operate the beds at the Itasca Medical Center.
- The Itasca County Auditor indicated that although the bonds will total \$4.2 million, debt service payments will be made from revenue generated by the nursing home facility, and no additional debt service levy is planned.

Number of Taxpayers Affected: None.

Source: Minnesota Department of Revenue
Tax Research Division

<http://www.taxes.state.mn.us/polic.html#analyses>