

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1165 - 0 - Minnesota Health & Education Facilities Authority**

Chief Author: **Kristin Bahner**  
 Committee: **Higher Education Finance And Policy**  
 Date Completed: **3/4/2025 2:58:18 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.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

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

**LBO Signature:** Steve McDaniel    **Date:** 3/4/2025 2:58:18 PM  
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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.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

The Bill expands the scope of the Minnesota Higher Education Facilities Authority (MHEFA) to finance nonprofit healthcare organizations capital financing needs for construction or renovation of their facilities. It increases the bonding capacity of MHEFA to facilitate the expanded scope of financing assistance to be provided by the Authority.

The expansion will provide the Authority with additional financing capacity to continue to meet the financing needs of nonprofit higher education, and to meet the financing needs of nonprofit healthcare organizations with cost effective capital financing and debt management to ensure continued compliance with existing and future laws and regulations.

The expansion aligns MHEFA's issue authority with similar organizations in surrounding states and other states. The bill enhances the ability of MHEFA to continue into the future as a cost effective organization and respond to financing inquiries and market demand.

**Assumptions**

MHEFA is a fully self-supporting State Agency. It requires no State appropriations of any kind. It is not supported by taxes, grants or other sources of State funds.

MHEFA is supported solely by fees assessed to and paid by organizations that borrow funds through MHEFA.

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

Expanding to include nonprofit healthcare financing will require additional staff to manage and administer the additional financings and number of borrowers expected to use MHEFA for low-cost borrowing.

**Expenditure and/or Revenue Formula**

	FY26	FY27	FY28	FY29
Additional FTEs	0.5	1.0	1.0	1.5
MHEFA Add'l Expenditures	\$50	\$100	\$100	\$150
(in 000's)				
MHEFA Add'l Revenues	\$50	\$100	\$100	\$150

(in 000's)					
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Additional expenditure is for phasing in of an additional staff person to handle the additional demand for MHEFA services.

Additional revenue is for additional financings authorized by the expansion. Additional revenues are expected to match or exceed additional expenditures of MHEFA.

MHEFA revenue is generated from fees charged to borrowers. MHEFA fees are set to match operating costs and are set to generate no surplus or deficit for MHEFA annual operations

**Long-Term Fiscal Considerations**

MHEFA receives no State financial support and is financially independent.

The statutory mandate of MHEFA is to provide cost effective financing for nonprofit higher education institutions in the State of Minnesota.

HF 1165 / SF1676 expands the issuance authority of MHEFA to provide cost-effective financing for nonprofit healthcare organizations.

There are no long-term fiscal considerations and no long-term costs for the State of Minnesota that would result from passage of the bill.

**Local Fiscal Impact**

There is no local fiscal impact that would result from the passage of the bill.

**References/Sources**

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