



The influential voice of Nebraska's hospitals

November 7, 2017

The Honorable Jeff Fortenberry
1514 Longworth House Office Building
Washington, DC 20515

Dear Congressman Fortenberry:

I am writing today to express the Nebraska Hospital Association's (NHA) strong opposition to the provision in the recently released tax reform package that would eliminate the tax-exemption for private-activity bonds, including qualified 501(c)3 hospital bonds.

For many of our communities, tax-exempt financing has been the key to maintaining vital healthcare services. Private-activity bond financing has assisted many hospitals to finance critical facility and infrastructure improvements in their communities. Eliminating the tax-exemption for private-activity bonds would force hospitals to borrow at higher interest rates. According to the Council of Development Finance Agencies, interest rates for borrowers would increase by 1.5 to 2.5% for bond transactions of varying levels of credit quality. Conservatively, such a rise in interest rates would cause the cost of borrowing for hospitals to increase by as much as 25 to 35%. In the case of government-owned hospitals this increased cost of borrowing would ultimately be borne by taxpayers in the form of property taxes, special assessments, sales taxes or other fees. Taxes, especially sales taxes, would fall disproportionately on lower- and middle-income households, as would service cuts.

The NHA understands the importance of streamlining the tax code and growing revenue, however, any tax reform legislation that limits or eliminates the tax-exemption for private-activity bonds would be devastating to patients and their communities. A weakened financial position of a hospital has the potential to impact a community more profoundly than the unplanned closure of nearly any other institution in the community.

The NHA strongly opposes this provision in the Tax Cuts and Jobs Act. We urge you to reject any provisions in the Act that curtail or eliminate the use of tax-exempt private-activity bonds for 501(c)3 hospitals. If you have any questions or wish to speak directly, please contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Laura", is written over a light blue horizontal line.

Laura J. Redoutey, FACHE
President



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November 7, 2017

The Honorable Ben Sasse
386A Russell Senate Office Building
Washington, DC 20510

Dear Senator Sasse:

I am writing today to express the Nebraska Hospital Association's (NHA) strong opposition to the provision in the recently released tax reform package in the House that would eliminate the tax-exemption for private-activity bonds, including qualified 501(c)3 hospital bonds.

For many of our communities, tax-exempt financing has been the key to maintaining vital healthcare services. Private-activity bond financing has assisted many hospitals to finance critical facility and infrastructure improvements in their communities. Eliminating the tax-exemption for private-activity bonds would force hospitals to borrow at higher interest rates. According to the Council of Development Finance Agencies, interest rates for borrowers would increase by 1.5 to 2.5% for bond transactions of varying levels of credit quality. Conservatively, such a rise in interest rates would cause the cost of borrowing for hospitals to increase by as much as 25 to 35%. In the case of government-owned hospitals this increased cost of borrowing would ultimately be borne by taxpayers in the form of property taxes, special assessments, sales taxes or other fees. Taxes, especially sales taxes, would fall disproportionately on lower- and middle-income households, as would service cuts.

The NHA understands the importance of streamlining the tax code and growing revenue, however, any tax reform legislation that limits or eliminates the tax-exemption for private-activity bonds would be devastating to patients and their communities. A weakened financial position of a hospital has the potential to impact a community more profoundly than the unplanned closure of nearly any other institution in the community.

We urge you to reject any provision in a Senate version of tax reform that would curtail or eliminate the use of tax-exempt private-activity bonds for 501(c)3 hospitals. If you have any questions or wish to speak directly, please contact me.

Respectfully submitted,

A handwritten signature in blue ink that reads "Laura".

Laura J. Redoutey, FACHE
President