

On March 23

Vote 'FOR' Amendment #1

# Hospital Improvements Without Tax Money

On March 23 you, as a voter, will vote on Amendment #1 to the State's Constitution which, if approved, will permit the State of North Carolina to sell revenue bonds to finance vitally needed hospital improvement and modernization projects.

No tax money is involved in this amendment, and there will be no tax increase if this amendment is approved.

Health care costs are expensive, as everybody knows, and we are not going to insult anyone's intelligence by implying that passage of Amendment #1 is going to bring down these costs. But Amendment #1 will provide a dollar savings on capital improvement projects, which can mean a lesser bit out of your pocketbook. The intent of this amendment is to help hold down the increase in hospital costs.

Passage of this amendment will help hold down hospital costs by enabling lower interest revenue bonds

to be used for building new additions to existing facilities or new hospitals to replace presently obsolete facilities; constructing hospital-owned doctors offices and clinics; and building or modernizing laboratories, out-patient facilities and other hospital projects.

You expect quality patient care at reasonable costs. Revenue bonds will save money because of lower interest costs than conventional financing. By using revenue bonds, hospitals will save between 20 and 30 percent in interest costs. Any savings in interest costs will be passed on to patients in the form of lower hospital charges than would otherwise result from interest on conventional financing.

To illustrate how interest costs differ, examine the total cost to repay \$15 million, borrowed to build a new hospital. Using conventional financing, the total repayment will be \$41,313,000; but by using tax free revenue bonds, the total repayment will be \$35,129,250 -- a difference of \$6,183,750

saved in interest costs over the life of the bond debt.

The difference in lower interest costs represents a savings to hospitals -- a saving which will be passed on to patients in the form of lower hospital charges than would otherwise occur.

Constitutional Amendment #1, if approved, will give hospitals an alternate method of financing improvement projects. Over the past 10 years, federal and state funds available for hospital construction have steadily decreased. Presently there are no state or federal funds available, and the Hill-Burton program has expired.

All public (city or county) and community non-profit hospitals, including church-affiliated hospitals, and some state hospitals, will be able to use revenue bonds to finance improvement projects.

jects.

Hospital projects will be reviewed by the N. C. Medical Care Commission and the N. C. Local Government Commission. Any project must be necessary and financially feasible before these commissions will issue and sell revenue bonds.

To qualify for tax free revenue bonds, the hospital borrowing the money must transfer the title to the Medical Care Commission. When the debt is repaid, the title is transferred back to the hospital. The title transfer is simply a safeguard. These institutions will still be locally directed to meet community needs.

Under provisions of the legislation permitting the sale of tax free revenue bonds, there will be numerous safeguards to guarantee that the bond debt will be

repaid; but no state taxes will be used to repay the debt. If necessary, in case of default the N. C. Medical Care Commission can be empowered as a fiduciary or trustee to manage a hospital until alternate management and fiscal policy changes can be made that will insure the repayment of the bond debt.

Revenue bond financing is available in many states in the nation.

In order for hospitals in North Carolina to use this means of financing hospital improvements projects, voters must approve Constitutional Amendment #1 at the March 23, 1976 Presidential Preference Primary election.

With the limited financing options presently available, revenue bonds will be an economical way to improve hospitals and maintain quality patient care at reasonable costs.

Your local community hospital  
for **Amendment #1**  
"quality hospital and patient care"