



May 30, 2025

The Honorable Caroline Menjivar
Chair, Senate Health Committee
1021 O St., Room 1200
Sacramento, CA 95814

Re: AB 627 (Stefani) — SUPPORT

Dear Senator Menjivar:

To sustain and expand access to high-quality health care services, health care providers sometimes rely on working capital bonds to help finance key aspects of their operations (e.g., salaries, benefits, and leases) and maintain sustainable cash flows. State law currently restricts the California Health Facilities Financing Authority (CHFFA) from issuing such bonds with terms beyond two years, not only limiting the bonds' use and utility, but also causing providers to look elsewhere for long-term working capital finance needs.

Assembly Bill (AB) 627 addresses this problem by allowing CHFFA to issue long-term working capital tax-exempt bonds to nonprofit health institutions. The bill would enable CHFFA to serve more effectively as a one-stop shop for hospitals and other providers seeking both short- and long-term financing support. For these reasons, the California Hospital Association (CHA), on behalf of more than 400 hospitals and health systems, supports AB 627.

CHFF's current term restriction does not exist for other financing programs in the California State Treasurer's Office, including, for example, the California Educational Facilities Authority, which supports the working capital needs of private nonprofit colleges and universities. There is no reason financing programs for health care should be treated differently.

Authorizing CHFFA to issue long-term working capital tax-exempt bonds would align it with other Treasurer's Office financing programs and benefit all participating hospitals, the broader health care ecosystem, and California patients who need accessible, dependable care. For these reasons, **CHA requests your "YES" vote on AB 627.**

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Farouk", with a long horizontal line extending to the right.

Mark Farouk
Vice President, State Advocacy

cc: The Honorable Catherine Stefani
The Honorable Members of the Senate Health Committee
Teri Boughton, Principal Consultant, Senate Health Committee
Joe Parra, Consultant, Senate Republican Caucus