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A long-term solution to long-term debt?

Hospitals, airports, public power, seek less rigid debt limits

BOISE — There are three constitutional amendments that the Legislature may propose for voter approval that deal with the ability of airports, public hospitals and municipal power companies to take on long-term debt without a public vote.

Two of the proposed amendments, for airports and hospitals, stem from a 2006 Idaho Supreme Court ruling, *Frazier vs. City of Boise*. The Idaho Constitution requires public governments to have voter approval for long-term debt, except for “ordinary and necessary” operations. The 2006 ruling narrowed government’s ability to assume multiyear debt without voter approval.



During a quiet moment, RoZan Egan fields a call from a patient Monday afternoon in the emergency room at Minidoka Memorial Hospital in Rupert. Proposed legislation would make it easier for hospitals to enter into long-term debt. Current indebtedness limitations have led Minidoka Memorial to pursue changing its governance to a nonprofit structure as it plans a \$6 million emergency-room upgrade.

Prior to the court case, public hospitals had been able to take on the debt since 1972, said Rep. Fred Wood, R-Burley, a co-sponsor of the amendments. The ruling in *Frazier vs.*

City of Boise essentially overturned that history. “The *Frazier* decision cast doubt on whether they could do that,” Wood said.

The proposed amendment would allow county and district hospitals to take on debt, provided that it doesn’t need to be paid off with tax revenue. Officials at Minidoka Memorial Hospital in Rupert have said their current efforts to change the hospital’s governance structure were sparked by the *Frazier* decision. The ruling, according to Administrator Curtis Hanson, prevents public-owned entities from securing long-term debt. The hospital is planning a \$6 million upgrade to its emergency room and hopes to start construction by April 2011.

The proposal for airports would allow them to take on debt for projects, facilities and acquisitions, provided that the debt is paid off from airport revenues and not tax funding.

The proposal for municipal power companies allows them to enter into long-term agreements with suppliers such as the Bonneville Power Administration without voter approval. Wood said that long-term agreements can help cities have more stable rates compared to the having to purchase electricity on an annual basis.

In Burley, which purchases power from BPA and resells it to customers, that proposal is supported, said Mayor Terry Greenman.

“Common sense would dictate you cannot dictate a city from having a long-term contract,” Greenman said. “We are in full support of the idea of making an exception on the ability to buy power over the long-term.”

If the amendments pass the Legislature, they’ll go on the ballot in the November election for voter approval. “All we’re doing here is voting on whether to put the question out to the voters,” Wood said.