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## Officials to debate easing debt rules

BOISE— Local governments and public hospitals are again pushing a state constitutional amendment to make it easier to go into debt without two-thirds voter approval as long as no taxpayer money is required to cover payments.

A narrower but similar measure to allow cities to build revenue-generating structures cleared the House but fell one vote short of the two-thirds majority needed in the state Senate last year. If the current version sponsored by Rep. Fred Wood, R-Twin Falls, clears both chambers, it will go to the voters in November 2010.

In a case brought by activist David Frazier, the Idaho Supreme Court ruled in 2006 that a 109-year-old interpretation of the state Constitution bars a proposed expansion of the Boise airport parking garage without voter approval.

Wood said the constitutional amendment would allow the airport project to be completed without a vote if the construction bonds are retired by revenue from garage users, rather than taxpayers.

Cities and counties also could sign multiyear leases or lease-purchase agreements of less than five years if the resulting payments don't push local government spending above annual revenue.

The Supreme Court ruling "cast doubt on all the financial means that various political subdivisions have been using to finance the everyday running of local government," Wood told The Associated Press. "This keeps the Frazier decision intact, but it outlines those circumstances in which you don't have to go to taxpayers for permission."

House Joint Resolution 1, which could get a hearing in the House State Affairs Committee as early as Friday, would also allow municipal electric utilities to go into debt to expand generating plants if payments come from electricity users rather than from tax revenues. Such projects were thrown into doubt by the Frazier ruling.

Frazier says Wood's proposal should be rejected as just another way for local governments to finance expansion without taxpayer permission.

Projects like the airport garage will reduce revenue that otherwise would benefit schools, cities and counties by luring private businesses such as rental car agencies from private property to government operations that don't pay taxes, he said.

"I want voter approval, just like we have now," Frazier told the AP. "Everything they are doing is to take away the rights of the citizens to approve long-term debt."

Under the proposed amendment, he said, local jurisdictions could build anything from "golf courses to fun parks" without a vote. "It would virtually emasculate any citizen oversight as long as it's revenue generating," he said.

After the Supreme Court ruling, city officials complained that lending institutions had quit underwriting

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long-term leases, making it difficult to secure tax-exempt loans for everything from snowplows to copy machines.

In November 2007, for instance, Ketchum voters were asked to approve a \$1.5 million bond to buy snow removal equipment that Mayor Randy Hall said would simply have been leased in the past.

Last year, House lawmakers passed a measure that would have allowed cities to build revenue-generating structures such as parking garages with simple majority approval from voters, easing the supermajority requirement. That measure also would have helped public hospitals finance revenue-generating capital projects without a taxpayer vote, partly to benefit a proposed \$200 million expansion of the Bannock County-owned Portneuf Medical Center, which wound up being taken over by a Texas-based hospital company and a nonprofit foundation.

That measure failed to resolve cities' concerns over leases and short-term agreements, and Sen. Joe Stegner, R-Lewiston, who favored a broader Senate proposal that covered those matters, helped kill the House measure on the last day of the session.

Stegner said Thursday he helped draft the new package and will back it if it reaches the Senate.

“You’re not developing any future taxpayer liability, and that’s the key,” he said. “Anything that would obligate taxpayers to cover a liability would still require a two-thirds vote.”