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Idaho Statesman

Pence breaks tie as Senate votes to debate new health bill

BY THOMAS KAPLAN
AND ROBERT PEAR
The New York Times

WASHINGTON

The Senate voted narrowly Tuesday to begin debate on a bill to repeal major provisions of the Affordable Care Act, taking a pivotal step forward after the dramatic return of Sen. John McCain, R-Ariz., who cast a crucial vote despite his diagnosis of brain cancer.

The 51-50 vote, with Vice President Mike Pence breaking a tie, came only a week after the Republican effort to dismantle a pillar of former President Barack Obama's legacy appeared

all but doomed. It was an initial win for President Donald Trump, who pushed, cajoled and threatened senators in recent days to at least begin debating the repeal of the health care law.

But the victory could be fleeting: Senate Republicans still had no agreement on a repeal bill that they could ultimately pass to uproot the law that has provided health insurance to millions of Americans.

The Senate is now moving ahead with debate, amendments and ultimately a final vote in the coming days on legislation that would have a profound effect on the American health care sys-

tem – roughly one-sixth of the U.S. economy. But it is entirely possible that by week's end, they will have passed nothing.

"Now we move forward towards truly great health care for the American people," Trump said from the White House Rose Garden, where he was holding a news conference with the visiting prime minister of Lebanon. "This was a big step."

Only two Republicans, Sens. Susan Collins of Maine and Lisa Murkowski of Alaska, voted against the procedural motion, though at least several other Republicans had been seen as possible holdouts. No Democrats voted in favor of the mo-



ANDREW HARNIK The Associated Press

Sen. John McCain, R-Ariz., recently diagnosed with brain cancer, arrives Tuesday for a vote. Read excerpts of his speech, 5A.

tion.
The debate to come will have broad implications for health care and households in every state.

Before senators cast their votes, protesters in the Senate gallery chanted, "Kill the bill,

SEE HEALTH BILL, 5A

STATESMAN INVESTIGATION

Idaho's treasurer spent at least \$5 million too much borrowing money

■ A Statesman review found finance overpayments, and Treasurer Ron Crane's own staff questioned whether the state needed to borrow the hundreds of millions it seeks annually. Two lawmakers and a public finance agency head are among those now pressing for new scrutiny of borrowing.

BY BILL DENTZER
Idaho Statesman

A Statesman review of how Idaho borrows to cover periodic multi-million-dollar dips in cash flow shows that state Treasurer Ron Crane has routinely overpaid to finance those borrowings and could have saved the state millions through competitive bidding.

Idaho has borrowed billions of dollars over the last decade to cover those dips, paying millions in interest and fees to underwriters, a part-time financial adviser and outside agencies that grade the state's debt for investors. The Statesman's review, together with a state investment adviser's analysis of the costs, shows that for many of the years in question, Idaho did not need to borrow as much, and possibly any, outside funds to cover short-term shortfalls.

Members of an advisory panel on the state's creditworthiness, whose members include Lt. Gov. Brad Little and two legislators, state finance officials, and the heads of agencies such as the state building au-



BILL DENTZER bdentzer@idahostatesman.com

Idaho State Treasurer Ron Crane is seen in his office in the Capitol in May. Crane has served as treasurer since 1998, winning five terms. He is not seeking re-election in 2018.



VIDEO

Investment adviser explains his concerns about state borrowing
[IdahoStatesman.com](#)

thority and the Idaho Housing and Finance Association, are now pushing for their own review of the half-billion-dollar yearly transactions. At least three members have refused to sign off on the committee's annual report to the governor without such a review. The

report goes to the governor each August.

The \$5 billion worth of tax anticipation notes, or TANs, are routine debt-financing instruments issued by governments to shore up accounts pending receipt of tax revenues. The notes are repaid from tax collections, with interest, at the end of a year.

The premiums and fees Idaho paid to issue the debt over a 10-year period, from 2007 to 2016, total approximately \$45

million. Idaho could have saved \$5 million off the top if it had simply matched the more favorable yields and underwriting costs paid by other states and eliminated unnecessary expenses on ratings and travel. It could have saved substantially more just by borrowing less, as Treasurer Office staffers recommended.

The costs and potential savings appear small measured

SEE TREASURER, 4A

LOCAL

CRAPO'S ROLE IN RUSSIA SANCTION

Sen. Mike Crapo is behind the legislation that will strengthen sanctions against Russian meddling, aggression. 7A



SPORTS

CONFERENCE TALK AT SUMMIT

At the Mountain West Conference media summit, the talk is all about power rankings. 1B



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FROM PAGE 1A

HEALTH BILL

don't kill us!" and "Shame, shame, shame!"

While the Senate was voting and before McCain showed up on the Senate floor, the majority leader, Sen. Mitch McConnell of Kentucky, engaged in a prolonged and intense conversation with Sen. Ron Johnson, R-Wis. Johnson had been an early critic of McConnell's repeal bill, and on Tuesday, he held back his vote for an excruciatingly long time.

As soon as McCain arrived and voted aye, Johnson cast a yes vote.

Despite his vote to move ahead, McCain offered harsh words for the secretive process by which Senate Republican leaders came up with their bill to repeal and replace the health measure, and he delivered a pessimistic take on its chances.

"Asking us to swallow our doubts and force it past a unified opposition – I don't think that's going to work in the end and probably shouldn't," McCain said, adding that it "seems likely" that the current repeal effort will end in failure.

Arizona is one of the 31 states that expanded Medicaid under the Affordable Care Act, and McCain's remarks could be an ominous sign for other senators from states that expanded Medicaid, including the junior Republican senator from his state, Sen. Jeff Flake.

"We are ground zero for the failure of the exchanges, but we are also an expansion state," Flake said. "I think all of us are concerned that we don't pull the rug out from people."

Just before the Senate vote, the Democratic leader, Sen. Chuck Schumer of New York, made an impassioned plea to Republicans.

"We know that ACA is not perfect," Schumer said. "But we also know what you've proposed is much worse. We can work together to improve health care in this country. Turn back now before it's too late and millions and millions and millions of Americans are hurt so badly in ways from which they will never, ever recover."

Given the divisions within their caucus, Senate Republican leaders were considering a new approach to keeping their repeal quest alive: They could try to reach a deal on a slimmed-down bill that would repeal a few major provisions of the Affordable Care Act, like the penalties imposed on people who go without insurance and businesses that do not offer insurance

to their employees. Republican leaders would not intend for such a bill to become law, but they believe that it could win approval in the Senate.

That "skinny" bill could then be a basis for negotiations with the House.

Republican leaders in Congress have struggled all year to fulfill their promise of repealing the 2010 health care law. By a vote of 217-213, the House approved a repeal bill in early May, but only after Republicans overcame their own difficulties in that chamber.

Trump kept up pressure on the Senate on Tuesday with Twitter posts. After the vote, he applauded the Senate, but was cutting toward Collins and Murkowski: "We had two Republicans that went against us, which is very sad, I think. It's very, very sad for them."

The successful procedural vote was also a moment of redemption, at least temporarily, for McConnell, who just last week appeared to have failed in his effort to put together a health bill that could squeak through the narrowly divided Senate.

That said, it remained far from certain whether Republicans would be able to agree on a bill in the days to come – and what exactly the contents of that bill would be. McConnell promised an "open amendment process" in which members of both parties could propose changes.

"This is just the beginning," McConnell said. "We're not out here to spike the football."

For weeks, McConnell has been promoting and revising a comprehensive bill that would repeal the health law while also replacing it, but he has struggled to nail down the necessary support to pass that measure. Now that voting has begun, the most complete version of that replacement bill has yet to be assessed by the nonpartisan Congressional Budget Office, and without that assessment, the measure will need 60 Senate votes, a threshold it cannot reach.

An alternative would be to pass a narrower bill that would repeal the health law without putting in place a replacement, but that approach is not expected to have enough support to pass, either.

That proposal resembles a bill passed by the Senate in 2015 and vetoed by Obama in early 2016. But it would increase the number of people who are uninsured by 32 million in 2026, the budget office said.

MCCAIN'S SPEECH

Excerpts of Sen. John McCain's address to the Senate Tuesday:

Our deliberations ... can be sincere and principled. But they are more partisan, more tribal more of the time than any other time I remember. Our deliberations can still be important and useful, but I think we'd all agree they haven't been overburdened by greatness lately. And right now they aren't producing much for the American people.

Both sides have let this happen. Let's leave the history of who shot first to the historians. I suspect they'll find we all conspired in our decline – either by deliberate actions or neglect. We've all played some role in it. Certainly I have. Sometimes, I've let my passion rule my reason. Sometimes, I made it harder to find common ground because of something harsh I said to a colleague. Sometimes, I wanted to win more for the sake of winning than to achieve a contested policy.

Incremental progress, compromises that each side criticize but also accept, just plain muddling through to chip away at problems and keep our enemies from doing their worst isn't glamorous or exciting. It doesn't feel like a political triumph. But it's usually the most we can expect from our system of government, operating in a country as diverse and quarrelsome and free as ours. ...

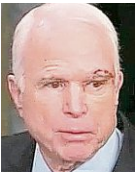
I hope we can again rely on humility, on our need to cooperate, on our dependence on each other to learn how to trust each other again and by so doing better serve the people who elected us. Stop listening to the bombastic loudmouths on the radio and television and the Internet. To hell with them. They don't want anything done for the public good. Our incapacity is their livelihood. ...

We're getting nothing done. All we've really done this year is confirm Neil Gorsuch to the Supreme Court. Our healthcare insurance system is a mess. We all know it, those who support Obamacare and those who oppose it. Something has to be done. We Republicans have looked for a way to end it and replace it with something else without paying a terrible political price. We haven't found it yet, and I'm not sure we will. All we've managed to do is make more popular a policy that wasn't very popular when we started trying to get rid of it.

I voted for the motion to proceed to allow debate to continue and amendments to be offered. I will not vote for the bill as it is today. It's a shell of a bill right now. ...

What have we to lose by trying to work together to find those solutions? We're not getting much done apart. I don't think any of us feels very proud of our incapacity. Merely preventing your political opponents from doing what they want isn't the most inspiring work. There's greater satisfaction in respecting our differences, but not letting them prevent agreements that don't require abandonment of core principles, agreements made in good faith that help improve lives and protect the American people. ...

It's a privilege to serve with all of you. ... I have every intention of returning here and giving many of you cause to regret all the nice things you said about me. ...



John McCain



BILL DENTZER bdentzer@sacbee.com

Cameron Arial, who serves on a governor-appointed investment advisory board, is pressing for a review of how the state Treasurer's Office handles an annual \$500 million tax note. Arial says the state is wasting money by not following a competitive bid process and he has other concerns about the borrowing.

FROM PAGE 4A

TREASURER

such as KeyBank and other underwriters in the 1990s and early 2000s before starting her own one-person firm, C2 Financial. Data that registered municipal advisers must submit to the SEC show she had one client, the Idaho state treasurer, whom she advised on one transaction a year. A one-time Salt Lake City treasurer, she retired from her Idaho role in December.

From 2007 to 2016, Cook was paid \$1.2 million for the advisory work, including being reimbursed for \$166,500 for deal-related travel by state officials to New York City. Prior to 2009, her fee was open-ended based on the amount borrowed, with a minimum set at \$70,000.

In 2008, when Idaho issued \$600 million in tax notes, she earned \$150,000 plus expenses. The following year her fee was capped at \$100,000,

which she would earn if the sale were \$400 million or more. The last time Idaho borrowed less than \$400 million was 2006, when it issued \$100 million in tax notes.

The Government Finance Officers Association, which promotes best practices in financial management for state and local governments, recommends that municipal advisers be paid on an hourly or retainer basis, not contingent on borrowing size, to avoid conflicts.

The financial adviser for this year's tax notes — Piper Jaffray, formerly the underwriter — was paid on the same contingency basis as Cook and earned \$102,500, plus \$2,400 in expenses.

Crane declined to answer questions about Cook's work, citing the possible litigation from the employee he fired.

Arial's analyses crit-

icized the larger costs Idaho paid for its debt compared to Colorado. He has questioned both Cook's advice and the state's failure to follow best practices.

"If you're paying a large fee for a service but you're getting a comparatively worse deal than your peers, then you have to wonder how good is that advice and how good is the process that you're using," Arial said.

RATINGS AGENCY FEES

Idaho seeks investment ratings on its tax notes from all three major agencies, Standard & Poor's, Moody's and Fitch Ratings. So does Oregon. The agencies charge up to \$60,000 to assign a rating, which investors rely on to gauge the value and risk of an investment.

Sager and other municipal finance executives told the Statesman there was no need for three ratings on a simple one-year tax note. Colorado, for example, seeks only two, and arguably one is enough. From 2007 to 2016, Idaho spent \$1.3 million on the triple ratings. That's not counting the \$165,000 in travel expenses it incurred for trips state officials made to New York annually to meet with the agencies – meetings that other states, like Colorado, handle over the phone. Crane has faced criticism previously for the cost and need of those trips.

Idaho could have saved \$320,000 by dropping the least expensive agency's rating, and \$550,000 if it cut out the highest agency fee.

For feedback on this story, contact Nate Popolino at npoppino@idahostatesman.com or Audrey Dutton at adutton@idahostatesman.com



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