

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 1FY 84/85
DATE August 9, 1984

PRIVATE ACTIVITY BONDS

WHEREAS, the Deficit Reduction Act of 1984, containing Division A, Section 621, Limitation on Aggregate Amount of Private Activity Bonds (the Act), imposes a \$200,000,000 per year limit on the amount of private activity bonds which may be issued by the State and any of its political subdivisions (the State Ceiling); and

WHEREAS, the Act allocates \$100,000,000 of the annual State Ceiling to State-level issuers of private activity bonds; and

WHEREAS, the Act allocates \$100,000,000 to municipalities as a group and further allocates the \$100,000,000 to individual municipalities on the basis of municipal population relative to total State population; and

WHEREAS, frequently, the amount of private activity bonds issued by a municipality for one project has exceeded the amount of the municipality's Federally allocated annual share of the State Ceiling; and

WHEREAS, interest on private activity bonds issued in excess of a municipality's Federally allocated annual share of the State Ceiling would not be exempt from Federal or State income taxation; and

WHEREAS, in order to assure that the Act has the least possible impact on municipal issuance of private activity bonds and on the ability of private activity bond issuers to utilize this important economic development finance tool, it is necessary to revise the Federal formula for allocating the State Ceiling; and

WHEREAS, it is necessary to establish an effective and efficient means of monitoring issuance of private activity bonds pursuant to the revised allocation formula;

NOW, THEREFORE, I, JOSEPH E. BRENNAN, Governor of the State of Maine, order as follows:

1. In lieu of the allocation of the State Ceiling provided under the Act, the State Ceiling shall be allocated to issuers of private activity bonds in order of the date of closing of the bonds in the amount of issue (to the extent that amounts are available within the State Ceiling), provided that the Finance Authority of Maine (the Authority) may, on a "first-come, first-serve" basis, issue reservations of the State Ceiling for limited periods.

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2. A process for monitoring issuance of private activity bonds shall be established. The Authority shall be responsible for design and implementation of the process and procedures for monitoring issuance of private activity bonds. The Authority may require private activity bond issuers to notify the Authority within a specified time after the issuance of private activity bonds.
3. To the extent that the State Ceiling amount is not fully used in any one year, the Authority may designate, on a "first-come, first-serve" basis, those projects which are eligible to utilize the "elective carry-forward" authorized by the Act.
4. The Authority may take such other actions and establish such other procedures as are necessary to implement this Order and the Act and to enable private activity bond issuers to utilize the State Ceiling effectively and efficiently on a "first-come, first-serve" basis.


JOSEPH E. BRENNAN
Governor