

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 13 FY 84/85
DATE June 6, 1985

STATE OF MAINE CAPITAL INVESTMENT AND DEBT MANAGEMENT

WHEREAS, the principal reason for incurring public debt is the construction and maintenance of needed public capital facilities; and

WHEREAS, capital expenditures must be planned and budgeted in response to the State's continuing construction needs, and within the State's ability to pay for them; and

WHEREAS, prudent private businesses and State governments employ a carefully organized process to identify capital construction and maintenance needs, and to allocate resources to them;

NOW, THEREFORE, I, JOSEPH E. BRENNAN, Governor of the State of Maine, order that it shall be the policy of the State to limit cumulative annual debt service payments on Maine's outstanding general obligation bonded indebtedness to not more than 7% of estimated General and Highway Fund revenues for the coming year. This policy shall be effective beginning in fiscal year 1986, and shall be waived only in clearly defined emergencies.

IT IS FURTHER ORDERED, that a Cabinet Committee on Debt Management shall be established to develop a comprehensive State capital development plan and debt management program.

1. Membership. The membership shall consist of the following State officials:

- Commissioner, Department of Finance and Administration
- Commissioner, Department of Transportation
- Commissioner, Department of Environmental Protection
- Commissioner, Department of Agriculture, Food & Rural Resources
- Director, State Development Office
- Director, Maine State Housing Authority
- Director, State Planning Office
- Director, Bureau of Public Improvements
- Chief Executive Officer, Finance Authority of Maine

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The State Treasurer will also be invited to serve as a member of the Committee. The Chairperson of the Committee will be appointed by the Governor and serve at the Governor's pleasure.

2. Responsibilities. The Committee shall have the following responsibilities:

a. Estimate of Bond Capacity. The Committee shall review the size and condition of State debt on a continuing basis. On or before January 1 of each year, the Committee shall present the Governor with an estimate of bond capacity for the next fiscal year, based on the 7% limitation on outstanding debt. Needed revenue figures will be provided by the Commissioner of Finance and Administration, and debt service estimates at current rates and variable terms will be requested of the State Treasurer.

b. Capital Plan. The Committee shall formulate a comprehensive and integrated State public facilities plan to meet the State's short and long-term capital improvement needs. This plan will include program elements for all major State agencies and State-funded municipal improvements. (The plan will not supplant the judgements of individual agency officials as to the priority of their respective projects within the agency's purview and jurisdiction.)

To aid in plan development, the Committee will establish a minimum cost for a project's consideration as a bondable item, and evaluation criteria for consideration and priority ranking (such as cost/benefit, health and safety, statutory requirements, and economic impact). The Plan will be reviewed and updated bi-annually. The first Capital Plan will be submitted not later than December 31, 1985.

c. Bond Recommendations. The Committee shall annually review all Departmental requests for highway and general obligation bond authority; and make its recommendations to the Governor for new bond authorization on or before January 1 of each year, based on the adopted capital plan and available bond capacity.

- d. Alternative Finance and Construction Policy Recommendations. The Committee may examine private financing, pay-as-you-go, the use of revenue bonds, user fees, local bonding capacity, and other finance methods, and make recommendations to the Governor on their appropriate use by the State of Maine. The Committee may also recommend specific capital items as suitable for other than general obligation debt financing.
- e. Annual Report. The Committee shall report annually to the Governor on its progress and on the progress of major construction programs in relation to the State public facilities plan.
- f. Other Recommendations. From time to time, as may seem desirable and appropriate, the Committee may make recommendations to the Governor on other issues related to its purpose and responsibilities.

The Committee's annual report and its recommendations on bond capacity, bond requests, and other related issues shall be submitted to the Governor on or before January 1 of each year. These recommendations will be advisory, and will not be considered binding upon the Governor.

Executive Order 10FY82/83, dated April 1, 1983, "A Long-Term Capital Planning Process for Maine Public Facilities," is hereby rescinded.



JOSEPH E. BRENNAN
Governor