

MAINE STATE LEGISLATURE

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OFFICE OF
THE GOVERNOR

NO. 10FY 85/86
DATE March 21, 1986

ALLOCATION OF STATE CEILING ON
NONGOVERNMENTAL BONDS

WHEREAS, the Internal Revenue Code (the Code) provides at 26 U.S.C. §§ 103 and 103A that issuance of certain nongovernmental tax-exempt bonds in the State is subject to annual volume limitations (the State ceiling); and

WHEREAS, there is currently pending legislation in the United States Congress, in the form of H.R. 3838, which would further limit issuance of tax-exempt bonds (H.R. 3838); and

WHEREAS, the Code and H.R. 3838 contain certain formulas for allocations of the State ceiling among issuers in the State, which formulas may be varied by the Legislature or, in some cases, the Governor; and

WHEREAS, the Legislature has enacted Title 10, chapter 9, which delegates to the Governor the authority to vary the formulas in the Code, as it may be amended, and in pending Federal legislation, including H.R. 3838, and to establish an allocation formula and procedure for the State; and

WHEREAS, it is desirable to establish a procedure for allocating available State ceiling among issuers for the purpose of ensuring that the limited State ceiling is allocated in the most beneficial manner for the State; and

WHEREAS, it is necessary to establish an effective and efficient means of monitoring issuance of bonds requiring an allocation of the State ceiling and to establish a mechanism for awarding allocations;

NOW, THEREFORE, I, JOSEPH E. BRENNAN, Governor of the State of Maine, do hereby direct that:

1. In lieu of the allocation of the State ceiling provided under the Code and proposed under H.R. 3838, the State ceiling shall be allocated to issuers of private activity bonds in accordance with the procedures specified in this Executive Order and any supplemental or replacement Executive Order issued hereafter.

2. The Maine State Housing Authority is hereby allocated \$68,000,000 of the 1986 State ceiling for further allocation to issuers for projects for single family or multi-family residential property, of which \$20,000,000 is to be allocated by the Maine State Housing Authority only for bonds which meet the definition of "qualified 501(c)(3) bonds" under H.R. 3838. The remaining \$48,000,000 may be allocated by the Maine State Housing Authority to any housing related projects requiring an allocation under H.R. 3838.

3. The Treasurer of State is hereby allocated \$5,500,000 of the 1986 State ceiling for general obligation issues of the State requiring an allocation of the State ceiling, of which \$500,000 is to be allocated by the Treasurer only for bonds which meet the definition of "qualified 501(c)(3) bonds" under H.R. 3838.

4. The Finance Authority of Maine is hereby allocated \$112,500,000 for further allocation to issuers for bonds for solid waste energy projects and bonds which meet the definition of "qualified small issue bonds" under H.R. 3838, provided that the Finance Authority shall observe the following categorical reservations; a) \$88,250,000 for solid waste energy projects and b) \$24,250,000 for qualified small issue bonds.

5. The Maine Municipal Bond Bank is hereby allocated \$16,300,000 of the 1986 State ceiling for further allocation to all bonds requiring an allocation of State ceiling other than those bonds for which allocations have been made or authorized under sections 2, 3 or 4 of this Order, provided that \$9,500,000 is to be allocated by the Bond Bank only for bonds which meet the definition of "qualified 501(c)(3) bonds" under H.R. 3838. \$2,300,000 is to be allocated only for issues meeting the definition of "qualified redevelopment bond" under H.R. 3838.

6. In the event that Federal legislation is enacted in 1986 which provides that solid waste energy projects are not subject to any applicable State ceiling, the categorical reservation of \$88,250,000 referred to in section 4 of this Order shall be reallocated as follows: \$32,250,000 to the Maine State Housing Authority for eligible housing related projects and \$56,000,000 to the Finance Authority of Maine for qualified small issue bonds.

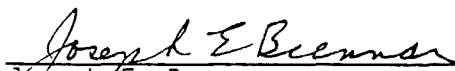
7. In the event that Federal legislation is enacted in 1986 which provides that bonds for single family housing are not subject to any applicable State ceiling, the allocation of \$68,000,000 to the Maine State Housing Authority under section 2 is reduced to \$56,000,000, and \$12,000,000 is reallocated to the Finance Authority of Maine for qualified small issue bonds.

8. Not later than October 1, 1986 the Maine State Housing Authority, the Treasurer of State, the Finance Authority of Maine and the Maine Municipal Bond Bank shall provide the Governor and the other named agencies with a report on allocations issued through the date of the report or expected to be issued by the end of October, 1986, along with a recommendation as to whether and in what manner the initial allocations established by this Executive Order should be altered. The Governor may repool and reallocate unused State ceiling to other issuers by Executive Order.

9. The Maine State Housing Authority, the Treasurer of State, the Finance Authority of Maine and the Maine Municipal Bond Bank may take such other actions and establish such procedures as are necessary to implement this Order and to enable bond issuers to utilize the State ceiling effectively and efficiently.

10. The Maine State Housing Authority, Treasurer of State, Finance Authority of Maine and Maine Municipal Bond Bank shall each be responsible for maintaining records of allocations made by each and for assuring that allocations are made only to the extent required by law or necessitated by pending Federal legislation.

11. Executive Order 16 FY 84/85 dated June 12, 1985, "Allocation of Federal Ceiling on Private Activity Bonds" is hereby rescinded.



Joseph E. Brennan
Governor