

STATEMENTS OF POLICY

Title 12—COMMERCE, TRADE AND LOCAL GOVERNMENT

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

[12 PA. CODE CH. 61]

Private Activity Bonds

The Department of Community and Economic Development (Department) amends Chapter 61 (relating to private activity bonds—statement of policy) to read as set forth in Annex A. The statement of policy is amended under authority of section 7(4) of the Tax-Exempt Bond Allocation Act (act) (73 P. S. § 397.7(4)).

Background

The Federal Internal Revenue Code of 1986 (IRC) imposes a State ceiling on the aggregate amount of private activity bonds that may be issued in each calendar year by or on behalf of the Commonwealth and its political subdivisions.

The General Assembly adopted the Tax-Exempt Bond Allocation Act in 1985 to provide for the allocation of the State ceiling. The act authorizes the Secretary of Community and Economic Development to publish as statements of policy the county-by-county allocations. The amended statement of policy provides for the 1998 allocation of the State ceiling. The amendments are needed because the current statement of policy provides allocations only for calendar year 1997.

Amendments

Section 61.5 (relating to allocations of tax-exempt bond authority) is amended to establish the private activity bond allocations for calendar year 1998.

Fiscal Impact

The amended statement of policy has no fiscal impact on the Commonwealth, political subdivisions or the public. The amended statement of policy does not affect the total dollar amount of private activity bonds, as these ceilings are determined by Federal law. No Commonwealth funds are involved in the issuance of private activity bonds. All costs of bond issuance are paid for by bond proceeds or through funds of the issuer or borrower. The amended statement of policy will result in the use of private activity bonds to their maximum benefit, thereby increasing available resources.

Paperwork Requirements

Additional paperwork requirements are not imposed as a result of the amended statement of policy.

Contact Person

For further information regarding the amended statement of policy, contact Jill B. Busch, Deputy Chief Counsel, Office of Chief Counsel, Department of Community and Economic Development, Room 530 Forum Building, Harrisburg, PA 17120, (717) 783-8452.

Findings

The Department finds that:

(1) Delay in implementing the statement of policy will have a serious adverse impact on the public interest.

Order

The Department, acting under the authorizing statute, orders that:

(a) The statement of policy of the Department, 12 Pa. Code Chapter 61, is amended by amending § 61.5 to read as set forth in Annex A, with ellipses referring to the existing text of the statement of policy.

(b) The Secretary of Community and Economic Development shall submit this order and Annex A to the Office of General Counsel for approval as to form and legality as required by law.

(c) The Secretary of Community and Economic Development shall certify this order and Annex A and deposit them with the Legislative Reference Bureau as required by law.

(d) This order shall take effect upon publication in the *Pennsylvania Bulletin*.

SAMUEL MCCULLOUGH,
Secretary

Fiscal Note: 4-66. No fiscal impact; (8) recommends adoption.

Annex A

TITLE 12. COMMERCE, TRADE AND LOCAL GOVERNMENT

PART III. BUSINESS FINANCING

Subpart B. BONDS

CHAPTER 61. PRIVATE ACTIVITY BONDS—STATEMENT OF POLICY

§ 61.5. Allocations of tax-exempt bond authority.

The act allocates the Commonwealth's tax-exempt bond authority to five categories as follows:

(1) *Housing related bonds.* An amount equal to \$160 million will be allocated for housing related bonds, including qualified residential rental projects and qualified mortgage bonds as defined by sections 142(d) and 143(a) of the Internal Revenue Code (26 U.S.C.A. §§ 142(d) and 143(a)). Requests to apply the housing related bond allocation to specific projects or uses, including mortgage credit certificate programs, will be reviewed and may be approved or disapproved by the Board of the Housing Finance Agency. Application for housing related bond allocations shall be made to the Executive Director of the Housing Finance Agency.

(2) *Qualified student loan bonds.* An amount equal to \$50 million will be allocated to the Pennsylvania Higher Education Assistance Agency for qualified student loan bonds provided by section 144(b) of the Internal Revenue Code (26 U.S.C.A. § 144(b)).

(3) *Qualified small issue bonds.* An amount equal to \$175 million will be allocated for qualified small issue bonds under section 144(a) of the Internal Revenue Code. This amount will be allocated in accordance with the formula in § 63.1(d) (relating to allocations). Requests to apply this allocation to specific projects or uses will be reviewed and may be approved or disapproved by the Secretary. Application for allocations shall be made to the Private Capital Financing Office in the Department. The Secretary will provide allocations for qualified small issue

STATEMENTS OF POLICY

bonds utilizing the procedure and subject to the requirements in § 63.3 (relating to procedures).

<i>County</i>	<i>Allocation</i>
Adams	\$400,000
Allegheny	\$14,785,000
Armstrong	\$400,000
Beaver	\$400,000
Bedford	\$400,000
Berks	\$6,457,000
Blair	\$4,188,000
Bradford	\$400,000
Bucks	\$9,445,000
Butler	\$5,471,000
Cambria	\$1,505,000
Cameron	\$400,000
Carbon	\$400,000
Centre	\$400,000
Chester	\$6,860,000
Clarion	\$400,000
Clearfield	\$1,259,000
Clinton	\$400,000
Columbia	\$400,000
Crawford	3,981,000
Cumberland	\$400,000
Dauphin	\$400,000
Delaware	\$1,659,000
Elk	\$400,000
Erie	\$8,514,000
Fayette	\$400,000
Forest	\$400,000
Franklin	\$4,605,000
Fulton	\$400,000
Greene	\$400,000
Huntingdon	\$400,000
Indiana	\$400,000
Jefferson	\$2,242,000
Juniata	\$400,000
Lackawanna	\$574,000
Lancaster	\$4,327,000
Lawrence	\$3,439,000
Lebanon	\$2,530,000
Lehigh	\$2,508,000
Luzerne	\$5,681,000
Lycoming	\$400,000
McKean	\$3,609,000
Mercer	\$5,106,000
Mifflin	\$400,000
Monroe	\$1,214,000

<i>County</i>	<i>Allocation</i>
Montgomery	\$17,270,000
Montour	\$2,175,000
Northampton	\$12,416,000
Northumberland	\$400,000
Perry	\$400,000
Philadelphia	\$6,240,000
Pike	\$400,000
Potter	\$400,000
Schuylkill	\$3,777,000
Snyder	\$400,000
Somerset	\$400,000
Sullivan	\$400,000
Susquehanna	\$400,000
Tioga	\$400,000
Union	\$400,000
Venango	\$400,000
Warren	\$400,000
Washington	\$6,628,000
Wayne	\$400,000
Westmoreland	\$5,160,000
Wyoming	\$400,000
York	\$6,575,000
Totals	\$175,000,000

(4) *Other qualified private activity bonds.* An amount equal to \$166 million will be allocated to other qualified private activity bonds, including qualified redevelopment bonds as defined by section 144(c) of the Internal Revenue Code, exempt facility bonds as defined by section 142 (excluding section 142(d)) of the Internal Revenue Code, and enterprise zone bonds as defined by section 1394 of the Internal Revenue Code (26 U.S.C.A. § 1394), all of which are subject to the volume cap provided by section 146 of the Internal Revenue Code (26 U.S.C.A. § 146). Requests to apply this allocation to specific projects or uses will be reviewed and may be approved or disapproved by the Secretary. Applications for allocations shall be made to the Private Capitol Financing Office in the Department. An allotment of at least 25% of the allocation provided in this paragraph is reserved for solid waste disposal projects.

* * * * *

[Pa.B. Doc. No. 98-334. Filed for public inspection February 27, 1998, 9:00 a.m.]