

the bonds in an amount equal to the amount, if any, of the proceeds of the bonds in excess of \$1,000,000 that is to be applied for certain purposes as described in said Section 141 (the "Nongovernmental Purposes"); and

WHEREAS, the provisions of H.R. 3838 would be generally applicable to state and local bonds issued after December 31, 1985; and

WHEREAS, the Board of Public Works of Maryland (the "Board") has by resolutions adopted on December 18, 1985, as amended and supplemented, authorized the issuance and sale of a series of general obligation bonds of the State of Maryland (the "State") in the aggregate principal amount of \$124,585,000, to be designated "State and Local Facilities Bonds of 1986, First Series" (the "Bonds"); and

WHEREAS, the Board has by resolutions adopted on February 11, 1986, covenanted that the State will comply with the provisions of H.R. 3838 applicable to the Bonds if and to the extent that such compliance shall be necessary to maintain the tax exempt status of interest on the Bonds; and

WHEREAS, in accordance with the authorizing resolutions for the Bonds that have been adopted by the Board, a portion of the proceeds of the Bonds in excess of \$1,000,000, but less than \$10,000,000, will be expended for certain public purposes that may constitute Nongovernmental Purposes as described in H.R. 3838; and

WHEREAS, in order to facilitate the State's compliance with H.R. 3838, and thus to preserve the exemption from federal income taxation of interest on general obligation bonds of the State, it is desirable to reserve and allocate to the Board, as the issuing authority for general obligation bonds of the State, a portion of the Maryland state ceiling for calendar year 1986 for use by the Board in connection with the issuance of the Bonds and any subsequent series of general obligation bonds of the State that may be issued during calendar year 1986; and

WHEREAS, H.R. 3838 would establish a formula for allocating the state ceiling among issuing authorities within each state, which formula would provide, in part, that the volume cap for any agency of a state authorized to issue nonessential function bonds for any calendar year shall be 50 percent of the state ceiling for that calendar year, and that if more than one agency of a state is so authorized, all such agencies shall be treated as a single agency; and

WHEREAS, H.R. 3838 would further provide that during an interim period (extending, in the case of the State, to January 1, 1987), the Governor of any state may proclaim a different formula for allocating the state ceiling among the issuing authorities in such state;