

STATE OF NORTH CAROLINA
DEPARTMENT OF THE TREASURER
RALEIGH 27611

February 4, 1994

The Honorable Bill Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

We in North Carolina remember well your many trips to our State and our active campaigning together in 1992. The ten of us who are elected members of our Council of State were assured, on each occasion, of your commitment to work with state and local government officials across the nation in building a partnership for economic and social progress. We have confidence that you will remain steadfast in your commitment. Together, we will succeed in achieving our mutual objectives.

State and local governments face a new challenge today. The challenge is, how to pay for the infrastructure needs of our communities. Unfortunately, this comes at a time when the flow of funds from Congress has been dramatically reduced. To us, it is inevitable that heavy reliance will be placed upon the use of long-term financing in the form of municipal bonds, to be paid locally. Actually, the use of municipal bonds has always been basic to our nation's quality of life and economic progress. We willingly accept these circumstances as the realities of our times - and, now want to go forward with confidence, with some reassurances from your office.

One problem is unique to all states, and it is one that can be easily resolved. It's the harmful rhetoric and the threatened intrusion into our access to the marketplace by the appointed Chairman of the Securities and Exchange Commission, Arthur Levitt, Jr. His use of innuendoes and allegations about perceived abuses is preposterous and is doing much to unsettle the market for municipal bonds nationwide. We strongly believe that, because of his actions, the cost of borrowing money at the state and local level is bound to increase.

Please read closely, if you will, the enclosed address of Chairman Levitt and determine for yourself if you think the measures advocated in his remarks imply an attitude conducive to building a viable partnership with state and local governments, particularly as we endeavor to respond to the program needs of our people. The issue, Mr. President, is "home rule" and it's seriously political. The answer should be to leave the responsibility for management and oversight squarely with the states themselves, allowing the marketplace to evaluate the direction and quality of internal governance. It's important that our federal "partner" help rather than impede our progress.

The Honorable Bill Clinton

Page 2

February 4, 1994

Your careful consideration and early advice will be greatly appreciated.

Sincerely,

Harlan E. Boyles
Treasurer of North Carolina

HEB/fms

Enclosure

cc: Governor James B. Hunt, Jr.
North Carolina League of Municipalities
North Carolina Association of County Commissioners
National Association of State Treasurers
National Association of State Auditors, Comptrollers and Treasurers
National Governors' Association
Government Finance Officers Association