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July 13, 2010

United States Congress  
Washington, DC

Dear Members of Congress:

On behalf of the economic development finance industry including thousands of communities throughout the country, the Council of Development Finance Agencies (CDFFA) urges you to extend the bond provisions enacted in the American Recovery and Reinvestment Act of 2009 (ARRA). These provisions are set to expire at the end of 2010. These provisions have been essential to providing financing options for both the public and private sector during these challenging economic times and will continue to be of importance in 2011.

The extension of many of these provisions has been included in the American Jobs and Closing Tax Loopholes Act (H.R. 4213) currently in the Senate. Build America Bonds have had the largest impact in the market as these direct-subsidy taxable bonds allow for governmental borrowing for capital projects. Recovery Zone Bonds provide long-term borrowing options for both local governments and private enterprises in areas heavily impacted by unemployment and other economic distress. Additional ARRA changes to the tax code that have lowered borrowing costs for local governments, private businesses and non-profits include an increased small issuer exception for bank qualified bonds and an exemption from the alternative minimum tax for private activity bonds.

We also encourage you to extend the expanded definition of manufacturing for industrial development bonds (IDBs). This ARRA provision allows high-tech companies that produce intangible property, instead of just tangible property, to access IDBs. IDBs are the most effective financing tool available for assisting manufacturers.

The sooner these provisions are extended the more effective they will be for both the remainder of 2010 and into 2011. Extension of these bond provisions will help to fund the construction of government capital improvement projects and provide access to capital to private sector businesses looking to expand. These provisions directly impact job creation, employment growth and capital investment nationwide and are paramount to the health of the nation's economy.

Please feel to contact CDFFA with any questions related to the development finance industry and the importance of these ARRA bond provisions to local economic development. Again, we urge you to quickly pass these extensions to support economic opportunity throughout the country.

Sincerely,

Toby Rittner, EDFP  
President & CEO