

THE BOND BUYER

CDFA wants PABs for electric vehicle charging stations

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The Council of Development Finance Agencies is including the enactment of tax-exempt private activity bonds for electric car charging stations among its top lobbying priorities for inclusion in federal infrastructure legislation.

CDFA also [wants Congress](#) to enact enhancements for aggie bonds and industrial development bonds as well as reinstate the tax exemption for advance refunding bonds.

“The Modernizing Agricultural and Manufacturing Bonds Act encourages common sense changes to Industrial Development Bonds,” CDFA Vice President Katie Kramer told her members in a video conference call Wednesday.



*Rep. Earl Blumenauer, D-Ore., is a co-sponsor of a bill to expand the use of tax-exempt private activity bonds to include electric vehicle charging stations. **Bloomberg News***

The use of both IDBs and aggie bonds have declined because of outdated language and the dollar limits on each issuance. IDB issuance, for instance, totaled only \$152 million in 2018 compared to more than \$3 billion in 2007.

MAMBA would expand the definition of a manufacturing facility to include intangible property such as bio-technology, and software among others.

It would also allow the use of IDBs beyond just facilities located on the same site as the manufacturing facility to include things such as offices, locker rooms and cafeterias. Currently, not more than 25% of net proceeds of a bond issuance can be used for those facilities. MAMBA would eliminate those financing restrictions.

More importantly, the maximum IDB issuance would increase to \$30 million from \$10 million.

Likewise, the Aggie Bond proceeds used by first-time farmers to acquire land for farming purposes would increase to \$552,500 from \$450,000.

Other restrictions on first-time farmers also would be eased. First-time farmers are currently limited to using no more than \$62,500 of bond proceeds for depreciable property. That dollar limitation would be eliminated, allowing them to use the entire amount for farming equipment, breeding livestock and other capital assets.

“We’re also encouraging our members to support a new category of exempt facility bonds for electric vehicle charging stations,” Kramer also CDFA members. “Several members of Congress have come out strongly saying that they want to see more robust opportunities and financing around electric vehicle charging infrastructure.

CDFA said the first step will be for Congress to include a bond title in the infrastructure legislation.

“The importance is to make sure that we are a priority for the tax writing committees,” said Eric Silva, CDFA’s legislative representative.

CDFA is asking finance authorities around the country to sign on to a letter listing those measures as the organization’s priorities.

Rich Frampton, Executive Vice President of the Illinois Finance Authority, described this year as “the best opportunity that we've had in years to enact long overdue tax exempt bond provisions that will one stimulate capital investment in manufacturing and agriculture.”

Officials of CDFA said their priorities have a good chance of inclusion in the developing legislation.

The Modernizing Agricultural and Manufacturing Bonds Act (MAMBA) has bipartisan sponsors on the tax-policy making House Ways and Means Committee, Reps. Stephanie Murphy, D-Fla. And Darin LaHood, R-Ill.

All three House sponsors of the bill to expand the use of private activity bonds to include electric vehicle charging stations are Democrats -- Reps. Bradley Scott Schneider of Illinois, Don Beyer of Virginia and Earl Blumenauer of Oregon.

Given the strong push by Democrats to include climate change provisions in whatever infrastructure legislation comes to the floor, PAB-financed EV charging stations might be a cost efficient alternative or supplement to federal grants.

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