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**NEWS RELEASE**

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## **President Signs Stimulus Bill Expanding Use of IDBs - Major Legislative Victory for CDFA -**

Cleveland, OH – The Council of Development Finance Agencies' legislation to expand the use of industrial development bonds (IDBs) for new technology manufacturing was signed into law yesterday by President Barack Obama as part of the \$787 billion American Recovery and Reinvestment Tax Act of 2009. This is a major legislative victory for CDFA and the entire development finance industry.

"This is an exciting and historic day for CDFA and the development finance industry," CDFA President and CEO Toby Rittner said. "IDBs have been a successful and efficient financing tool for traditional manufacturers for over 30 years, and this legislation will ensure that this low-cost financing is now available to today's new economy manufacturers. This change will make an immediate difference throughout the country to help retain and create jobs, spur manufacturing investment and accelerate the nation's economy."

IDBs, a bedrock financing tool for the economic development industry, had been subject to outdated manufacturing definitions for the past two decades. The change allows for companies who produce both tangible and intangible property to access IDBs for bonds issued in 2009 and 2010. Traditional tax-exempt bond finance programs operated by state and local finance agencies have not been extended to these important and growing sectors of the manufacturing economy in the past.

"This bill, with its numerous municipal bond initiatives, reflects the biggest changes to revenue bond financing since the 1986 Tax Bill" said Bob Lind, chair of CDFA's Legislative Committee and director of business finance for the city of Minneapolis. "CDFA is proud to have our IDB legislation, a change that will allow even more communities and companies access to capital for job growth, be a part of this bill."

The legislation also clarifies which components of a facility may be financed by IDBs. "Functionally related and subordinate" components are now eligible to be financed with IDBs. The previous 25% maximum for "directly related and ancillary" facilities will not apply for new IDBs issued in 2009 and 2010.

[>>>Read CDFA's legislation and summary](#)

Three additional items from CDFA's legislative agenda were also included in the stimulus bill including:

- Exemption from the individual and corporate alternative minimum tax (AMT) for all tax-exempt bonds issued in 2009 and 2010. Current law subjects tax-exempt bonds, including IDBs, to the AMT, which makes the bonds less attractive to investors.
- The small issuer limit for bank deductibility on certain tax-exempt bonds has been raised to \$30 million from \$10 million and the limit can be applied to the borrower instead of the conduit issuer for 2009 and 2010.
- The De Minimis Rule would be extended to banks, allowing them to deduct 80% of their interest deduction as long as tax-exempt bonds do not exceed 2% of their assets. Currently, the rule only applies to non-financial institutions.

## **News, Analysis and Resources Pertaining to the Stimulus Package**

The American Recovery and Reinvestment Tax Act of 2009 impacts dozens of federal economic development programs and agencies, including the Small Business Administration, clean and renewable energy, bond finance, and New Markets Tax Credits. The following list is a collection of resources related to the stimulus:

### **[Part A of Stimulus Legislation \(Spending\)](#)**

### **[Part B of Stimulus Legislation \(Tax Cuts\)](#)**

#### **[Conference Report on American Recovery and Reinvestment Act: Preliminary Overview](#)**

The Office of Speaker Nancy Pelosi published this overview summarizing the final compromised stimulus bill.

#### **[The Stimulus Plan: A Detailed List of Spending](#)**

This breakdown of where the stimulus money is going is broken down by category and accountability.

#### **[Solar Sector Predicts Big Boost From Stimulus Bill](#)**

The solar energy industry is expecting to receive a much-needed boost from provisions in stimulus that change tax credits to grants.

#### **[Stimulus Plan Impact on Bond Market](#)**

A panel discussion of how the bond market will be affected by stimulus.

#### **[American Recovery and Reinvestment Act of 2009](#)**

This report details the individual and business tax incentives in the stimulus.

#### **[Congressional Leaders Reach Agreement on American Recovery and Reinvestment Tax Act](#)**

Nixon Peabody examines the various bond provisions that were included in final stimulus, including CDFIA's expanded definition of manufacturing for IDBs.

#### **[Conferees Reach Agreement on Stimulus; Bond Provisions Remain](#)**

Hunton & Williams summarizes the bond provisions in final stimulus bill.

#### **[Conference Committee Agreement on Stimulus Bill Tax Provisions Released](#)**

This document examines some of the energy provisions in the final stimulus.

#### **[R&D and Other S&T Funding in FY 2009 Economic Recovery Act Appropriations](#)**

This New York Times graphic highlights the research and development and science and technology spending in the stimulus.

#### **[A Smaller, Faster Stimulus, But Still With a Lot of Money](#)**

The New York Times explains that even though the final stimulus was smaller than both the original Senate and House versions, it will actually be put to use quicker than either of the two original bills.

#### **[Stimulus Bill's Effect on SBA Programs](#)**

The Los Angeles Times looks at stimulus provisions that impact the SBA to make it easier and more cost effective for businesses to use SBA programs.

#### **[The Stimulus Plan: How to Spend \\$787 Billion](#)**

A detailed look at the final package passed by Congress, based on estimates by House and Senate committees and the Congressional Budget Office.

#### **[Detailed Examination of Energy Investments in Stimulus](#)**

There are over \$80 billion in energy investments and spending in the stimulus that are examined in this article.

#### **[What's in the Stimulus?](#)**

The Detroit Free Press summarizes the stimulus provisions.

**[\\$787 Billion Economic Recovery Package Clears Congress; Focuses On Long-Term Competitiveness, in Addition to Job Creation](#)**

IEDC summarizes the major economic development components of the stimulus package and details how the \$787 billion will be spent.

In the coming months, CDFA will be hosting educational webinars to examine these new development finance provisions and how they can be used to further economic development across the county. In addition, CDFA will host several sessions at the 2009 Annual Development Finance Summit this May 5-7 in Pittsburgh addressing these impacts. Speakers from the state and federal government as well as the Obama Administration have been asked to provide details on the stimulus rollout.

More information and instructions on legislative grassroots efforts is forthcoming from CDFA. For more information or questions about CDFA's legislative efforts, please contact [CDFA](#).

*The [Council of Development Finance Agencies](#) is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and nonprofit entities alike. For more information about CDFA, visit [www.cdfa.net](http://www.cdfa.net) or e-mail [info@cdfa.net](mailto:info@cdfa.net).*

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