



2009 OEDA Annual Summit Resources for Ohio's Future

ARRA Stimulus Bonds
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American Recovery and Reinvestment Act (ARRA)

- Stimulus financing options available 2009 & 2010
 - Build America Bonds (BABs)
 - Recovery Zone Bonds (RZ Bonds)
 - RZ Facility Bonds
 - RZ Economic Development Bonds
 - Qualified Zone Academy Bonds (QZABs)
 - Qualified School Construction Bonds (QSCBs)
 - Qualified Energy Conservation Bonds (QECBs)



Build America Bonds (BABs)

- Not a private activity bond (PABs)
- Tax Credit (35%) – two ways:
 - Credit to holder (tax credit) – any purpose
 - Credit to issuer (direct pay) – capital expenditures



Recovery Zone Bonds (RZ Bonds)

- Two types
 - RZ Economic Development Bonds
 - RZ Facility Bonds



Recovery Zone Bonds (RZ Bonds)

- Must be within allocation
 - Nationwide allocation
 - RZ Economic Development Bonds (\$10 billion nationwide allocation)
 - RZ Facility Bonds (\$15 billion nationwide allocation)
 - Allocated to states based on 2008 job loss
 - Re-allocated to counties and large (>100,000 pop.) cities



Recovery Zone Bonds (RZ Bonds)

- Must be in recovery zone—issuer designates recovery zone
- Everywhere qualifies
- Issuer must designate recovery zone before capital expenditures are made



RZ Economic Development Bonds

- A type of BAB, which means they **can't** be PABs
- Larger tax credit – 45% – direct pay
- No refunders



RZ Economic Development Bonds

- Ohio allocation: \$422,637,000
- Reallocation examples:
 - Summit County: \$ 13,084,000 (residual)
 - City of Akron: \$ 7,377,000
 - Lorain County \$ 14,477,000
 - City of Lorain: -0-
 - Washington County: \$ 604,000



RZ Facility Bonds

- Not BABs, which means they **can** be PABs
- Tax-exempt interest



RZ Facility Bonds

- Ohio allocation: \$633,955,000
- Reallocation examples:
 - Summit County: \$ 19,625,000
 - City of Akron: \$ 11,065,000
 - Lorain County: \$ 21,716,000
 - City of Lorain: -0-
 - Washington County: \$ 906,000



Other Stimulus Bonds

- QZABs—schools
- QSCBs—schools
- QECBs—energy conservation



Alternative Minimum Tax

- Tax-exempt bond interest now also exempt from alternative minimum tax
 - Previously, PABs interest not exempt from alt min tax (xc qualified 501(c)(3) bonds)
- Tax-exempt bond interest now also excluded from adjusted current earnings base in computing corporate alt min tax
 - Previously all tax-exempt bond interest was included



Bank qualified

- Bank qualified bond limit expands from \$10 million to \$30 million annually
- Measured on borrower level for qualified 501(c)(3) bonds



Common theme: NO MONEY!

- This is still a borrowing
- No federal purchase, guarantee, or other credit support
- Must have a viable, credit-worthy project
- Must have credit support
- Must find a lender