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**NEWS RELEASE**

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**CDFA Cap Ex Legislation Spurs \$1.9 Billion Increase in  
Industrial Development Bond Issuance Nationwide**

**-- Council Releases 2007 National Volume Cap Report --**

Cleveland, OH – Issuance of industrial development bonds (IDBs), the primary source of public financing for small manufacturers, climbed to more than \$3.1 billion in 2007, representing a \$1.9 billion or 158% increase over the previous year, according to the 2007 National Volume Cap Report released by the Council of Development Finance Agencies (CDFA).

This increase can be attributed in part to the passage of CDFA legislation in 2006, which increased the capital expenditure limit from \$10 million to \$20 million for IDBs. Interest rate growth for traditional private financing and a renewed interest in IDBs also factor into the rise in popularity of this important financing tool.

"In 2006 CDFA worked vigilantly to pass the capital expenditure limitation increase, and the impact of this work is now emerging. This simple and common-sense change has helped to spur billions of dollars in new manufacturing projects nationwide as issuers and companies once again realize the effectiveness of IDBs," said CDFA President & CEO Toby Rittner.

According to data collected by CDFA, nearly half of the states increased their IDB issuances by more than 25%, and several states showed historic increases. New Jersey, for example, financed an additional seven projects using IDBs in 2007 that created 690 jobs.

"As this report illustrates, the use of industrial development bonds more than doubled in 2007, reinforcing that IDBs are one of the most reliable development finance tools available today. With continued use, IDBs can have a transformative effect on the economic development of the United States", said Rittner.

Industrial development bonds (IDBs), a bedrock financing tool for the economic development industry, are issued by local issuing authorities and allow small manufacturers to borrow money at lower cost for expansion and other capital expenses.

CDFA gathered the information for the report from surveys and interviews with the allocating authority in each state and the District of Columbia. As a leader in the development finance industry, CDFA serves as the principal source for private-activity bond volume cap data, reporting, and trends. For more information or questions about the 2007 National Volume Cap Report, contact Toby Rittner.

The full report is available on the CDFA website. [>>>READ THE REPORT](#)

*CDFA 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 more than 265 public, private and non-profit development organizations.*

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*Original Research:*  
CDFFA's 2007 National  
Volume Cap Report

Released May 2008



## *Original Research:*

# CDFA's 2007 National Volume Cap Report

## CDFA's 2007 National Volume Cap Report

Released May 2008

The Council of Development Finance Agencies (CDFA), in order to provide an important service to the development finance industry and its members, has collected 2007 private-activity bond volume cap data.

To compile the data, CDFA surveyed and interviewed representatives from each state's allocating authority. The data represents the most accurate volume cap numbers as reported by each state to CDFA or the numbers posted in the states' year-end private-activity bond reports.

As a leader in the development finance industry, CDFA serves as the principal source for private-activity bond volume cap data, reporting and trends.

### **About Volume Cap**

The federally mandated volume cap for private-activity bonds (PABs) provides a set allocation to each state. In 2007, the volume cap for each state was equal to the greater of \$85 per capita or \$256,235,000. Each state may allocate their cap and issue bonds by whatever procedure they choose. Unused cap space may be carried forward for up to three years.

### **General Statistics and Findings**

Overall, 2007 saw an increase in the total dollar amount of private-activity bonds (PABs) issued. In 2007, \$28.5 billion of PABs were issued, representing a \$3 billion increase over issuance in 2006.

States also used their allocations more efficiently in 2007. Abandoned carryforward (expiring unused volume cap after three years) decreased by more than \$400 million from 2006 to 2007. In 2006, \$1.42 billion was reported as abandoned compared to \$1.0 billion for 2007. The amount being carried forward to the next year also decreased. Carryforward from 2007 to 2008 was reported as \$16.5 billion versus \$22.6 billion from 2006 to 2007.



## **Industrial Development Bond Trends**

Industrial development bonds (IDBs), a bedrock financing tool for the economic development industry, saw a jump in issuance of 158% over 2006. IDBs, issued by state and local issuing authorities, allow small manufacturers to borrow money at lower cost for expansion and other capital expenses. In 2007, nearly half of the states increased their IDB issuances by more than 25%, and several states showed historic increases.

Overall issuance for IDBs exceeded \$3.1 billion in 2007. This is an increase of \$1.9 billion over 2006. The increase in issuance of IDBs represents the largest increase of any private-activity bond category.

In 2007, 41 states reported an increase in the total dollar amount of IDB issuances. States with the largest dollar amount increase over 2006:

1. Georgia – \$221.7 million
2. Pennsylvania – \$121.7
3. West Virginia – \$119.0
4. Virginia – \$116.5
5. Michigan – \$110.1
6. Nevada – \$95.4

States that issued IDBs in 2006 with the largest percentage increase in IDB usage in 2007 over 2006:

1. Nevada – 2073.9%
2. Colorado – 1926.9%
3. Georgia – 951.9%
4. Arkansas – 854.5%
5. North Carolina – 837.3%
6. Oregon – 735.1%

Besides increased use by states with a history of utilizing IDBs, many more states issued IDBs in 2007 than 2006. States that issued IDBs in 2007 and had no IDB issuance in 2006:

- Alaska
- Connecticut
- Minnesota
- Mississippi
- Montana
- South Dakota
- Texas



## *Original Research:*

# CDFA's 2007 National Volume Cap Report

### **Impact of CDFA's Legislative Efforts on IDBs**

The increase of IDB issuances in 2007 can be attributed in part to the passage of CDFA legislation in 2006, which increased the capital expenditure limit from \$10 million to \$20 million for IDBs. Interest rate growth for traditional private financing and a renewed interest in IDBs also factor into the rise in popularity of this important financing tool.

The state of New Jersey demonstrates the influence of CDFA's capital expenditure legislation. In 2006, New Jersey issued \$46.5 million in IDBs. In 2007, the state issued \$84 million in IDBs, of which \$44 million can be directly attributed to the expansion of the capital expenditure limit. Increased usage of IDBs through CDFA's capital expenditure legislation allowed the state to finance seven additional deals resulting in the creation of nearly 700 jobs.

CDFA currently has legislation in Congress that would further expand the use of IDBs. S. 2885 would update the definition of manufacturing to allow companies who produce both tangible and intangible property to access IDBs. This change would expand the usage of IDBs to more high tech and knowledge-based companies helping local communities finance small manufacturers and further increasing IDB issuance.

## Change in IDB Issuance by State, 2006-2007

State	2006 IDBs	2007 IDBs	Change in Amount	Change in Percentage
Alabama	18.6	49.2	30.6	164.5%
Alaska	0.0	6.0	6.0	-
Arizona	2.5	16.1	13.6	544.0%
Arkansas	2.2	21.0	18.8	854.5%
California	34.6	97.7	63.1	182.4%
Colorado	2.6	52.7	50.1	1926.9%
Connecticut	0.0	54.5	54.5	-
Delaware	0.0	0.0	0.0	0.0%
Florida	31.1	60.4	29.3	94.2%
Georgia	23.3	245.1	221.8	951.9%
Hawaii (a)	0.0	n.a.	-	-
Idaho	10.9	0.0	-10.9	-100.0%
Illinois (b)	24.8	148.2	123.4	497.6
Indiana	81.4	108.7	27.3	33.5%
Iowa	9.1	41.6	32.5	357.1%
Kansas	21.1	41.7	20.6	97.6%
Kentucky	16.1	44.7	28.6	177.6%
Louisiana	118.2	66.0	-52.2	-44.2%
Maine	9.2	36.7	27.5	298.9%
Maryland	17.6	103.0	85.4	485.2%
Massachusetts	43.9	57.4	13.5	30.8%
Michigan	66.0	176.1	110.1	166.9%
Minnesota	0.0	44.4	44.4	-
Mississippi	0.0	4.0	4.0	-
Missouri	26.3	77.3	51.0	193.9%
Montana	0.0	3.2	3.2	-
Nebraska	52.7	45.5	-7.2	-13.7%
Nevada (c)	4.6	100.0	95.4	2073.9
New Hampshire	2.0	5.8	3.8	190.0%
New Jersey	46.5	84.0	37.5	80.6%
New Mexico	0.0	0.0	0.0	0.0%
New York	33.6	126.5	92.9	276.5%
North Carolina	11.0	103.1	92.1	837.3%
North Dakota	1.4	0.0	-1.4	-100.0%
Ohio	45.5	101.2	55.7	122.4%
Oklahoma	1.8	6.4	4.6	255.6%
Oregon	3.7	30.9	27.2	735.1%
Pennsylvania	76.0	197.7	121.7	160.1%
Rhode Island	4.3	0.0	-4.3	-100.0%
South Carolina	26.9	70.7	43.8	162.8%
South Dakota	0.0	32.6	32.6	-
Tennessee	57.8	66.3	8.5	14.7%
Texas	0.0	19.4	19.4	-
Utah	11.6	30.7	19.1	164.7%
Vermont	4.3	15.2	10.9	253.5%
Virginia	18.2	134.7	116.5	640.1%
Washington	28.3	59.7	31.4	111.0%
West Virginia	21.0	140.0	119.0	566.7%
Wisconsin	59.0	143.5	84.5	143.2%
Wyoming	125.5	11.2	-114.3	-91.1%
District of Columbia (d)	0.0	n.a.	-	-
<b>Totals</b>	<b>1,195.2</b>	<b>3,080.8</b>	<b>1,885.6</b>	<b>157.8%</b>

**Notes: Numbers are in millions of dollars. 2006 data courtesy of The Bond Buyer.**

(a) No PAB bonds were issued at the state level by Hawaii in 2007. Each county also receives an allocation pursuant to state law. The state does not track county use of allocations.

(b) The State of Illinois did not submit data. IDB total for Illinois is for Illinois Finance Authority issuance only.

(c) The State of Nevada's numbers are for state level issuance only and do not include issuance by local authorities.

(d) The District government does not track issuance by other authorities within the District.

## Volume Cap Allocations and Issuance of Private-Activity Bonds in 2007

State	Allocating Agency	2007 Cap	Unused Volume Cap from Previous Years	Total 2007 Capacity	Mortgage Revenue Bonds	Multi-family Housing	Mortgage Credit Certificates	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Other Bond Issuance	Prior Years Carry-forward Abandoned	Carry-forward to 2008
Alabama	Industrial Development Authority	390.9	893.4	1,284.3	0.0	0.0	0.0	250.5	49.2	85.5	0.0	0.0	151.5	747.5
Alaska	Department of Revenue	256.2	405.6	661.8	0.0	0.0	0.0	89.4	6.0	0.0	49.1	1.8	0.0	515.6
Arizona	Department of Commerce	524.1	206.5	730.6	234.1	94.7	0.0	0.0	16.1	0.0	104.8	280.9	0.0	0.0
Arkansas	Development Finance Authority	256.2	188.2	444.4	47.4	4.3	0.0	0.0	21.0	7.6	0.0	0.0	0.0	363.9
California	Debt Limit Allocation Committee	3,098.9	402.7	3,501.6	421.7	1,023.7	45.2	0.0	97.7	264.5	210.0	0.0	0.0	1,438.8
Colorado	Department of Local Affairs	404.0	292.0	696.1	214.4	68.1	0.0	0.0	52.7	0.0	106.0	0.0	0.0	254.9
Connecticut	Office of Policy and Management	297.9	36.0	333.9	0.0	0.0	0.0	178.8	54.5	0.0	77.9	0.0	0.0	22.7
Delaware	Department of Finance	256.2	932.1	1,188.3	406.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0	742.0
Florida	Division of Bond Finance	1,537.6	2,377.0	4,090.8	795.5	275.6	0.0	0.0	60.4	63.5	600.0	42.5	180.2	1,897.2
Georgia	Department. of Community Affairs	795.9	1,072.2	1,868.1	132.6	149.6	0.0	0.0	245.1	283.3	0.0	0.0	121.2	936.3
Hawaii (a)	Department of Budget and Finance	256.2	615.0	871.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	98.8	152.0
Idaho	Department of Commerce	256.2	357.4	613.6	447.3	8.5	0.0	0.0	0.0	24.0	0.0	0.0	0.0	133.8
Illinois (b)	Governor's Office	1,090.7	n.a.	1,090.7	n.a.	n.a.	n.a.	n.a.	148.2	n.a.	n.a.	n.a.	n.a.	n.a.
Indiana	Finance Authority	536.6	0.0	536.6	334.6	12.9	8.4	0.0	108.7	72.0	0.0	0.0	0.0	0.0
Iowa	Finance Authority	256.2	70.4	326.7	104.2	60.0	0.0	0.0	41.6	14.6	41.0	39.0	0.0	26.3
Kansas	Department of Commerce	256.2	4.0	260.2	135.3	83.0	0.0	0.0	41.7	0.0	0.0	0.0	0.2	0.0
Kentucky	Office of Financial Management	357.5	0.7	358.2	220.3	3.5	0.0	0.0	44.7	26.8	62.9	0.0	0.0	0.0
Louisiana	Governor's Office / State Bond Commission	364.5	182.2	546.7	68.6	63.2	0.0	0.0	66.0	63.0	0.0	0.0	0.0	285.9
Maine (c)	State Legislature	256.2	461.8	718.0	234.3	0.0	0.0	0.0	36.7	0.0	190.0	0.0	0.0	423.1
Maryland (d)	Dept. of Business & Economic Development	477.3	753.6	1,230.9	369.7	37.8	0.0	90.0	103.0	0.0	0.0	0.0	12.5	617.9
Massachusetts	Executive Office for Administration and Finance	547.2	4.0	551.2	50.0	238.1	0.0	0.0	57.4	14.5	154.0	0.0	0.0	37.2
Michigan	Department of Treasury	858.1	801.1	1,659.3	629.3	272.1	0.0	0.0	176.1	0.0	0.0	0.0	0.0	581.8
Minnesota	Department of Finance	439.2	161.4	600.6	248.2	163.8	0.0	0.0	44.4	10.6	13.3	2.4	0.0	117.9
Mississippi	Development Authority	256.2	380.1	636.3	0.0	0.0	0.0	271.7	4.0	20.0	123.0	0.0	25.0	192.7
Missouri	Department of Economic Development	496.6	149.2	645.8	145.0	111.7	0.0	0.0	77.3	10.0	205.0	0.0	0.0	96.8
Montana	Department of Administration	256.2	75.0	331.2	46.5	5.1	0.0	0.0	3.2	0.0	175.0	0.0	0.0	101.5
Nebraska	Investment Finance Authority	256.2	500.0	756.2	500.0	18.5	0.0	0.0	45.5	0.0	0.0	2.8	0.0	189.4
Nevada (e)	Department of Business and Industry	256.2	475.0	731.2	70.0	63.1	0.0	0.0	100.0	100.0	0.0	0.0	0.0	65.2
New Hampshire	Business Finance Authority (1/2) / Housing Finance Authority (1/2)	256.2	86.2	342.4	148.1	2.0	0.0	0.0	5.8	12.0	100.0	0.0	0.0	74.5
New Jersey	Department of Treasury, Office of Public Finance	741.6	747.0	1,488.6	265.4	91.4	0.0	0.0	84.0	0.0	275.0	17.6	126.9	628.3

## Volume Cap Allocations and Issuance of Private-Activity Bonds in 2007

State	Allocating Agency	2007 Cap	Unused Volume Cap from Previous Years	Total 2007 Capacity	Mortgage Revenue Bonds	Multi-family Housing	Mortgage Credit Certificates	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Other Bond Issuance	Prior Years Carry-forward Abandoned	Carry-forward to 2008
New Mexico	Board of Finance	256.2	65.2	321.4	127.6	19.8	0.0	0.0	0.0	20.0	112.6	0.0	n.a.	41.4
New York	Division of the Budget/Department of Economic Development	1,641.0	455.7	2,096.7	75.0	1,626.2	0.0	0.0	126.5	0.0	0.0	0.0	0.0	269
North Carolina	Department of Commerce	752.8	431.7	1,184.5	0.0	0.0	0.0	23.7	103.1	153.0	434.1	0.0	0.0	470.5
North Dakota	Governor's Office	256.2	714.7	970.9	305.2	0.0	0.0	0.0	0.0	58.0	0.0	0.1	81.0	526.6
Ohio (f)	Department of Development	975.6	1,198.6	2,174.2	n.a.	90.8	0.0	0.0	101.2	139.5	n.a.	0.0	n.a.	n.a.
Oklahoma	State Bond Advisor's Office	304.2	56.2	360.2	141.3	4.4	12.0	0.0	6.4	13.5	94.3	0.0	10.0	78.3
Oregon	State Treasurer's Office, PAB Committee	314.6	627.2	941.8	0.0	0.0	0.0	115.0	30.9	45.1	0.0	0.0	10.9	739.9
Pennsylvania	Dept. of Community and Economic Development	1,057.4	571.4	1,628.8	319.4	20.7	0.0	0.0	197.7	375.5	400.0	2.5	0.0	313.1
Rhode Island	Public Finance Management Board	256.2	81.6	337.8	256.6	81.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Carolina	State Budget and Control Board	367.3	175.8	543.1	125.0	13.9	0.0	0.0	70.7	2.5	131.7	0.0	63.1	136.2
South Dakota	Governor's Office	256.2	616.9	873.1	240.7	18.5	0.0	0.0	32.6	22.9	0.0	0.0	0.0	558.4
Tennessee	Commissioner of Economic and Community Development	513.3	n.a.	n.a.	256.9	120.5	0.0	0.0	66.3	0.0	254.7	0.0	0.0	222
Texas	Bond Review Board	1,998.2	707.9	2,706.1	568.2	368.3	59.5	0.0	19.4	571.7	240.4	100.0	49.6	729.2
Utah	Department of Community and Culture	256.2	117.5	373.7	151.2	0.0	0.0	0.0	30.7	0.0	99.7	0.0	0.0	91.7
Vermont	Emergency Board	256.2	27.8	284.1	113.0	10.5	0.0	0.0	15.2	5.0	138.9	0.0	0.0	1.4
Virginia	Small Business Financing Authority	649.6	659.6	1,309.2	0.0	71.0	0.0	698.5	134.7	0.0	0.0	46.3	0.0	358.7
Washington	Department of Community, Trade and Economic Development	543.6	284.2	827.8	219.0	395.8	0.0	0.0	59.7	103.2	0.0	8.1	0.0	41.9
West Virginia	Economic Development Authority / Housing Development Fund	256.2	502.1	785.3	108.4	0.0	122.0	0.0	140.0	0.0	0.0	0.0	30.0	384.9
Wisconsin	Department of Commerce / Housing and Economic Development Authority	472.3	806.6	1,278.9	269.4	50.7	0.0	0.0	143.5	64.1	0.0	0.0	0.0	751.1
Wyoming	Governor's Office	256.2	215.7	471.9	0.0	0.0	0.0	265.7	11.2	0.0	30.0	0.0	0.0	165.0
District of Columbia (g)	Revenue Bond-Enterprise Zone Program	256.2	224.1	465.4	100.0	130.1	n.a.	n.a.	n.a.	16.0	0.0	15.0	0.0	0.0
<b>Totals</b>		<b>28,184.9</b>	<b>21,170.3</b>	<b>48,854.2</b>	<b>9,645.7</b>	<b>5,873.1</b>	<b>247.1</b>	<b>1,983.3</b>	<b>3,080.8</b>	<b>2,661.9</b>	<b>4,423.4</b>	<b>559.0</b>	<b>1,001.0</b>	<b>16,522.5</b>

Note: Figures are in millions of dollars, and totals may not add up due to rounding or other factors. Questions about a specific states volume cap data should be directed to the appropriate state allocating authority.

(a) No PAB bonds were issued at the state level by Hawaii in 2007. Each county also receives an allocation pursuant to state law. The state does not track county use of allocations.

(b) The State of Illinois did not submit data. IDB total for Illinois is for Illinois Finance Authority issuance only.

(c) Total new issuance in Maine for 2007 was \$295.0 million. Totals by category will not balance due to refundings of \$166 million.

(e) The State of Maryland's numbers exceed capacity by \$54.7 million.

(e) The State of Nevada's numbers are for state level issuance only and do not include issuance or carryforward by local authorities.

(f) The State of Ohio is verifying the 2006 to 2007 carryforward and finalizing the 2007 to 2008 carryforward.

(g) The District government does not track issuance by other authorities within the District.