



Original Research:
CDFFA's 2008 National
Volume Cap Report

Released July 2009



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The Council of Development Finance Agencies (CDFA), in order to provide an important service to the development finance industry and its members, has collected 2008 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.

Due to a variety of factors outside of CDFA's control, a few states have elected to not submit data. CDFA will continue to request data and will update this report and the online National Volume Cap Resource Center accordingly.

About Volume Cap

The federally mandated volume cap for private-activity bonds (PABs) provides a set allocation to each state. In 2008, the volume cap for each state was equal to the greater of \$85 per capita or \$262,095,000. 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.

The Housing and Economic Recovery Act of 2008 also created a total of \$11 billion in housing-specific volume cap. This cap space was allocated to each state using population as part of a formula. The additional housing cap may be carried forward for two years.

General Statistics and Findings

Overall, 2008 saw a decrease in the total dollar amount of private-activity bonds (PABs) issued. In 2008, \$13.7 billion of PABs were issued, a \$14.8 billion decrease over issuance in 2007. This represents a 51.9% decrease from 2007.



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Carryforward of volume cap, not including the additional housing cap, jumped from \$16.5 billion in 2007 to \$24.3 billion in 2008. Carryforward that was abandoned also increased from \$1.0 billion to more than \$3.6 billion in 2008.

The additional housing cap created in 2008 went predominantly unused with 34 states carrying forward all of the extra cap space to 2009.

Industrial Development Bond Trends

Consistent with the overall trends in the PAB market, Industrial Development Bonds (IDBs), a bedrock financing tool for the economic development industry, saw a decline in issuance in 2008. IDBs, issued by state and local authorities, allow small manufacturers to borrow money at lower cost for expansion and other capital expenses.

Issuances of IDBs totaled approximately \$1.27 billion in 2008, compared to over \$3 billion in 2007. While a large decrease, 2008 IDB issuance is still the second highest total recorded this decade. IDB totals in 2008 were more than double what they were five years previously (\$663 million in 2003).

A total of 34 states saw a decrease in IDB issuance in 2008 over the prior year.

States with the largest drop-off in volume (dollars in millions) of IDBs in 2008 over the prior year:

1. Georgia – down \$213.8 in 2008, a decrease of 87.2%
2. West Virginia – down \$140 in 2008, a decrease of 100%
3. Michigan – down \$118.7 in 2008, a decrease of 67.4%
4. North Carolina – down \$85.1 in 2008, a decrease of 82.5%
5. Wisconsin – down \$74.5 in 2008, a decrease of 51.9%
6. Ohio – down \$65.3 in 2008, a decrease of 64.5%

Several states issued no IDBs in 2008 after being active in 2007. They include:

- Arkansas
- Connecticut
- Montana
- South Dakota
- West Virginia
- Wyoming

A number of states were able to overcome market challenges to actually increase IDB issuance in 2008. A total of nine states saw increases in IDB issuance in 2008 over the prior year.

States with the highest percentage increase in IDBs over 2007:

1. Texas – up 110.8%, an increase of \$21 million
2. Massachusetts – 70.6%, an increase of \$40.5 million
3. Louisiana – 69.7%, an increase of \$46 million
4. Kentucky – 59.3%, an increase of \$26.5 million
5. California – 21.1%, an increase of \$20.6 million

States that issued the highest volume (dollars in millions) of IDBs in 2008:

1. Pennsylvania - \$161.8
2. California - \$118.3
3. Louisiana - \$112.0
4. Massachusetts - \$97.9
5. Kentucky - \$71.2
6. Wisconsin - \$69.0

States that issued IDBs in 2008 and had no IDB issuance in 2007:

- Delaware, \$5 million
- Rhode Island, \$4 million

Regions throughout the country each witnessed declines but some much worse than others. For instance, Ohio, Michigan and Indiana were down by an average of 68%. These three states have been hit particularly hard by the recent economic downturn and loss of jobs in the manufacturing sector indicating a decreased appetite in the region for IDB financing.

While still down compared to 2007, the West Coast witnessed an average decrease of 45% in issuances between California, Oregon and Washington state. California was aggressive in marketing IDBs in 2008 and was able to actually increase their issuance over 2007.

Texas and Louisiana also showed considerable progress and helped keep the southern region relatively strong. Combined, Texas and Louisiana increased issuances by over 90% over 2007.

Finally, the Northeast states had mix results in 2008. Massachusetts, which was very active in helping to secure legislative updates to the federal tax code for IDBs, was able to increase issuance in 2007 by over 70%. Conversely, Pennsylvania, a historically active IDB state, lead in total issuance (\$161.8 million) but still fell over 18% in 2008 compared to one year prior.



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Impact of CDFA's Legislative Efforts on IDBs

Over the past three years CDFA has been very successful in passing legislation to update, modify and strengthen the use of IDBs. CDFA was successful in passing new legislation as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The use of IDBs has been expanded for 2009 and 2010 to include production of intangible property, a change targeted at biotech and high-tech firms. In addition, the 25% limitation on directly related and subordinate facilities has been eliminated for 2009 and 2010. This legislative change will make it easier for manufacturers to use IDB financing since it allows additional components of a facility to be built or expanded with IDBs without restrictions.

In addition, passage of CDFA legislation in 2006 to increase the capital expenditure limit from \$10 million to \$20 million for IDBs was a contributing factor to increased issuance in 2007. And, despite the decrease in total issuance 2008, these changes allowed for IDBs to continue to flourish giving the tool its second best year this decade.

While current economic and market conditions have impacted the use of IDBs, CDFA's legislative changes in 2006 and 2009 will help IDB levels increase moving forward as more companies will have access to this low-cost financing tool.

CDFA will continue to advocate for extensions of ARRA provisions expanding the definition and use of IDBs beyond their 2010 sunset as the voice of the development finance industry on Capitol Hill. Additional legislative priorities related to IDBs include raising the maximum IDB size from \$10 to \$20 million, eliminating the restriction on the use of accelerated appreciation by companies using IDB financing, and amending limitations on bank-qualification for IDBs.

CDFA is also advocating for a new exempt facilities category under the volume cap for green and renewable energy projects that would impact overall issuance of PABs.

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IDB Issuance by State, 2007-2008				
State	2007 IDBs	2008 IDBs	Change 2007-2008	Change in Percentage 2007-2008
Alabama	49.2	28.0	-21.2	-43.1%
Alaska (a)	6.0	n/a	-	-
Arizona	16.1	2.2	-13.9	-86.3%
Arkansas	21.0	0.0	-21.0	-100.0%
California	97.7	118.3	20.6	21.1%
Colorado (b)	52.7	n/a	-	-
Connecticut	54.5	0.0	-54.5	-100.0%
Delaware	0.0	5.0	5.0	-
Florida	60.4	52.9	-7.5	-12.4%
Georgia	245.1	31.3	-213.8	-87.2%
Hawaii (c)	n.a.	0.0	-	-
Idaho	0.0	0.0	0.0	0.0%
Illinois (a)	148.2	n/a	-	-
Indiana	108.7	29.9	-78.8	-72.5%
Iowa	41.6	2.0	-39.6	-95.2%
Kansas	41.7	45.1	3.4	8.2%
Kentucky	44.7	71.2	26.5	59.3%
Louisiana	66.0	112.0	46.0	69.7%
Maine	36.7	13.4	-23.3	-63.5%
Maryland	103.0	38.6	-64.4	-62.5%
Massachusetts	57.4	97.9	40.5	70.6%
Michigan	176.1	57.4	-118.7	-67.4%
Minnesota	44.4	14.8	-29.6	-66.7%
Mississippi	4.0	2.5	-1.5	-37.5%
Missouri	77.3	54.3	-23.0	-29.8%
Montana	3.2	0.0	-3.2	-100.0%
Nebraska	45.5	18.1	-27.4	-60.2%
Nevada (a)	100.0	n/a	-	-
New Hampshire	5.8	3.4	-2.4	-41.4%
New Jersey	84.0	44.4	-39.6	-47.1%
New Mexico	0.0	0.0	0.0	-
New York (a)	126.5	n/a	-	-
North Carolina	103.1	18.0	-85.1	-82.5%
North Dakota	0.0	0.0	0.0	-
Ohio	101.2	35.9	-65.3	-64.5%
Oklahoma	6.4	3.0	-3.4	-53.1%
Oregon	30.9	3.7	-27.2	-88.0%
Pennsylvania	197.7	161.8	-35.9	-18.2%
Rhode Island	0.0	4.0	4.0	-
South Carolina	70.7	8.9	-61.8	-87.4%
South Dakota	32.6	0.0	-32.6	-100.0%
Tennessee	66.3	17.5	-48.8	-73.6%
Texas	19.4	40.9	21.5	110.8%
Utah	30.7	32.0	1.3	4.2%
Vermont	15.2	10.5	-4.7	-30.9%
Virginia (a)	134.7	n/a	-	-
Washington	59.7	18.4	-41.3	-69.2%
West Virginia	140.0	0.0	-140.0	-100.0%
Wisconsin	143.5	69.0	-74.5	-51.9%
Wyoming	11.2	0.0	-11.2	-100.0%
District of Columbia	n.a.	0.0	-	-
Totals	3080.8	1266.3	-1814.5	-58.9%

Note: Figures are in millions of dollars, and totals may not add up due to rounding or other factors. Questions about specific states volume cap data should be directed to the appropriate state allocating authority.
(a) The states of Alaska, Illinois, New York, Nevada and Virginia have elected not to supply volume cap data
(b) Colorado's data was not complete as of publication
(c) Hawaii's data is for state level data only. The County of Hawaii also receives an allocation pursuant to state law that the state does not track

Volume Cap Allocations and Issuance of Private-Activity Bonds in 2008

State	Agency	New Cap	Carry-forward from Previous Years	Extra Housing Cap	Total Capacity	Mort-gage Revenue Bonds	Multi-family Housing	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Mortgage Credit Certificates	Other Bonds	Total PABs Issued	Carryforward Aban-doned	Carry-forward to Next Year	Extra Housing Cap Carry-forward	Total Carry-forward to Next Year
AL	State IDA	393.4	747.6	144.9	1,285.9	30.0	0.0	0.0	28.0	144.5	0.0	0.0	0.0	202.5	167.5	770.9	144.9	915.8
AK (a)	State Bond Committee	262.1	515.6	96.6	874.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	96.6	n/a
AZ	AZ Dept. of Commerce	538.8	100.8	204.2	843.8	129.6	8.9	0.0	2.2	0.0	0.0	0.0	77.3	218.0	12.0	409.6	204.2	613.8
AR	ADFA	262.1	364.0	99.3	725.4	77.7	0.0	0.0	0.0	7.4	0.0	0.0	0.0	85.0	0.0	547.9	92.3	640.2
CA	CA Debt Limit Allocation Committee	3,107.0	1,848.4	1,144.6	6,100.0	0.0	0.0	1,065.0	118.3	385.1	0.0	0.0	0.0	1,600.0	1,800.0	1,600.0	1,100.0	2,700.0
CO (b)	Division of Housing	413.2	254.9	152.2	820.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CT	Office of Policy and Management	297.7	22.7	109.7	430.1	0.0	0.0	201.4	0.0	0.0	0.0	0.0	0.0	201.3	0.0	119.0	109.7	228.7
DE	Department of Finance	262.1	n/a	96.6	n/a	137.8	0	0	5	0	0	0	0	142.8	0	257.1	96.6	353.7
FL	Division of Bond Finance	1,551.4	1,897.3	571.5	4,020.2	329.1	198.3	0.0	52.9	25.0	0.0	0.0	0.0	605.3	108.8	2,734.6	571.5	3,306.1
GA	Department of Community Affairs	811.3	689.5	298.8	1,799.6	4.3	88.0	0.0	31.3	67.6	0.0	0.0	0.0	191.2	153.5	1,183.0	271.8	1,454.8
HI (c)	Department of Budget and Finance	262.1	282.3	96.6	641.0	0.0	41.9	0.0	0.0	0.0	0.0	79.0	0.0	120.9	110.2	335.7	96.6	432.3
ID	Department of Commerce	262.1	133.8	96.6	492.5	178.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	178.9	0.0	217.0	96.6	313.6
IL (a)	Governor's Office	1,092.5	n/a	402.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
IN	Indiana Finance Authority	539.3	0.0	198.6	737.9	72.8	33.2	0.0	29.9	229.5	0.0	73.8	0.0	439.2	0.0	100.0	198.6	298.6
IA	Iowa Finance Authority	262.1	26.3	96.6	385.0	43.6	10.8	0.0	2.0	45.1	0.0	0.0	16.4	117.9	0.0	170.5	96.6	266.5
KS	Department of Commerce	358.6	0.0	96.6	455.2	288.5	25.0	0.0	45.1	0.0	0.0	0.0	0.0	358.6	0.0	0.0	96.6	96.6
KY	PAB Allocation Committee	360.5	4.0	132.8	497.3	60.0	36.3	0.0	71.2	0.0	83.4	0.0	0.0	250.9	0.0	109.7	132.8	242.5
LA	Office of the Governor	364.9	285.9	134.4	785.2	75.9	35.2	0.0	112.0	0.0	0.0	0.0	0.0	223.2	57.4	370.3	134.4	504.7
ME	The Maine State Legislature	262.1	440.5	96.6	799.2	360.3	11.5	0.0	13.4	11.5	20.0	0.0	0.0	405.1	23.5	457.1	96.6	553.7
MD	Dept. of Business & Economic Dev.	477.6	552.9	175.9	1,206.4	0.0	0.0	226.0	38.6	0.0	0.0	0.0	0.0	264.6	55.8	724.7	161.4	886.1
MA	Office for Administration and Finance	548.2	37.2	202.0	787.4	160.0	105.6	0.0	97.9	0.0	90.0	0.0	0.0	453.5	0.0	131.9	202.0	334.0
MI	Michigan Department of Treasury	856.1	694.6	315.4	1856.1	0.0	0.0	0.0	57.4	0.0	0.0	0.0	0.0	57.4	27.7	1313.1	315.4	1627.5
IN	Department of Finance	439.2	117.9	162.7	719.8	150.8	41.5	0.0	14.8	11.6	20.0	0.0	1.5	240.2	0.0	319.3	162.7	482.0
MS	Mississippi Development Authority	262.1	192.7	96.6	551.4	0.0	0.0	101.6	2.5	0.0	0.0	0.0	0.0	104.1	50.0	372.8	71.6	444.4
MO	Dept. of Economic Development	499.7	96.8	184.1	780.6	80.0	0.0	0.0	54.3	23.9	225.0	0.0	1.8	385.0	0.0	189.6	167.2	356.8
MT	Department of Administration	262.1	101.5	96.6	460.2	31.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.0	70.5	262.1	96.6	358.7
NE	Investment Finance Authority	262.1	189.4	96.6	548.1	62.6	0.0	0.0	18.1	0.0	0.0	0.0	0.0	80.8	0.0	370.7	96.6	467.3
NV (a)	Dept. of Business & Industry	262.1	n/a	96.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NH	NH Business Finance & NH Housing	262.1	74.6	96.6	433.3	99.5	4.6	0	3.4	0	0	0	0	107.5	3.1	226	96.6	322.6
NJ	Office of Public Finance	738.3	628.3	272.0	1,638.6	0.0	0.0	518.7	44.4	7.7	350.0	0.0	0.0	920.8	67.6	468.5	181.7	650.1

State	Agency	New Cap	Carry-forward from Previous Years	Extra Housing Cap	Total Capacity	Mort-gage Revenue Bonds	Multi-family Housing	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Mortgage Credit Certificates	Other Bonds	Total PABs Issued	Carryforward Aban-doned	Carry-forward to Next Year	Extra Housing Cap Carry-forward	Total Carry-forward to Next Year
NM	State Board of Finance	262.1	41.4	96.6	400.1	61.7	8.0	0.0	0.0	0.0	95.1	0.0	0.0	164.8	0.0	138.7	96.6	235.3
NY (a)	Office of the Budget	1,640.3	n/a	604.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NC	Department of Commerce	770.2	470.5	283.7	1,524.5	0.0	9.4	0.0	18.0	20.0	0.0	15.0	0.0	62.4	0.0	1,178.3	283.7	1,462.0
ND	Governor's Office	262.1	526.6	96.6	885.3	130.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6	131.2	38.9	618.6	96.6	715.2
OH	Ohio Department of Development	974.7	1,229.9	369.1	2,563.7	357.2	72.7	0.0	35.9	125.4	0.0	0.0	6.0	597.2	100.1	1,507.3	369.1	1,866.4
OK	Bond Advisor's Office	307.5	38.9	113.3	459.7	41.0	0.0	0.0	3.0	0.0	47.7	10.2	0.0	101.9	0.6	243.9	113.3	357.2
OR	PAB Committee	318.5	777.0	117.3	1,212.8	87.5	121.8	0.0	3.7	0.0	0.0	20.0	0.0	233.0	175.4	687.1	117.3	804.4
PA	DCED	1,056.8	274.9	389.3	1,721.0	234.3	122.6	0.0	161.8	251.8	0.0	0.0	6.4	776.8	0.0	554.9	389.3	944.2
RI	Public Finance Management Board	262.1	400.4	96.6	759.1	31.0	0.0	0.0	4.0	0.0	139.0	0.0	0.0	174.0	143.2	345.3	96.6	441.9
SC	State Budget and Control Board	374.7	136.2	138.0	648.9	22.1	0.0	0.0	8.9	86.4	0.0	0.0	0.0	117.4	61.8	331.7	138.0	469.7
SD	Governor's Office	262.1	573.8	96.6	932.5	113.3	0.0	0.0	0.0	0.0	0.0	0.0	19.5	132.8	18.5	684.5	96.6	781.1
TN	Dept. of Econ. and Com. Dev.	523.3	n/a	192.8	716.1	n/a	n/a	307.0	17.5	0.0	198.8	0.0	0.0	716.1	0.0	n/a	n/a	n/a
TX	Texas Bond Review Board	2,031.9	729.2	748.5	3,509.6	0.0	143.2	0.0	40.9	658.3	58.5	134.0	75.0	1,109.9	101.3	1,549.7	730.0	2,279.7
UT	Department of Community & Culture	262.1	14.5	96.6	373.2	9.0	0.0	0.0	32.0	0.0	77.2	0.0	0.0	118.2	0.0	158.4	96.6	255.0
VT	Emergency Board	262.1	1.4	96.6	360.1	50.0	7.3	0.0	10.5	0.0	113.1	0.0	0.0	180.9	0.0	82.6	96.6	179.2
VA (a)	Dept. of Housing & Community Dev.	655.5	n/a	241.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
WA	Dept of Com., Trade & Econ. Dev.	549.8	42.0	202.5	794.3	58.1	142.1	0.0	18.4	45.0	0.0	20.0	0.0	283.6	0.0	315.7	195.0	510.7
WV	WV EDA & WV HDF	262.1	463.3	96.6	822.0	30.0	0.0	0.0	0.0	432.1	0.0	25.0	0.0	487.1	25.6	421.0	96.6	517.5
WI	Department of Commerce/WHEDA	476.1	751.2	175.4	1,402.7	106.4	17.9	0.0	69.0	0.0	0.0	0.0	0.0	193.3	91.6	942.4	175.4	1,117.8
WY	Governor's Office	262.1	165.0	96.6	523.7	0.0	0.0	69.1	0.0	0.0	30.0	0.0	0.0	99.1	0.0	327.4	96.6	424.0
DC (d)	DC Revenue Bond - EZ Program	262.1	305.4	96.6	664.1	n/a	n/a	n/a	0.0	0.0	0.0	n/a	0.0	0.0	155.4	413.5	n/a	n/a
Totals		28,571.1	17,231.1	10,499.9	50,948.1	3,704.6	1,285.7	2,488.8	1,266.3	2,577.9	1,547.8	377.0	204.5	13,665.4	3,620.0	24,262.1	8,462.1	32,212.4

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

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- (b) Colorado's data was not complete as of publication
- (c) Hawaii's data is for state level data only. The County of Hawaii also receives an allocation pursuant to state law that the state does not track
- (d) The District government does not track issuance of other authorities within the District