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PRESS RELEASE

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Disaster Recovery Bonds Would Aid Florida, Texas

—CDFA Calls on Congress to Pass Essential Legislation —

Columbus, OH - **The Council of Development Finance Agencies** (CDFA) is calling on Congress to create a permanent, special category of federal tax-exempt bonds, to be known as Disaster Recovery Bonds, which can be used by states and municipalities to support recovery efforts in the areas affected by disasters, both natural and man-made.

In the aftermath of Hurricanes Harvey and Irma, the residents of Texas, Florida, the U.S. Virgin Islands, and Puerto Rico are in dire need of federal recovery assistance. The two hurricanes have caused an estimated $150-200 billion in damages, according to recent projections released by Moody's Analytics. The early damage estimates from Harvey and Irma place these two hurricanes right alongside some of the most damaging storms in history, with Hurricane Katrina and Superstorm Sandy costing $160 billion and $70 billion, respectively.

"Tax-exempt bonds are a vital instrument enabling states and municipalities to invest in public infrastructure and support recovery efforts after major disasters," said CDFA President & CEO Toby Rittner. "With storms like Harvey and Irma becoming a more regular occurrence, Congress should act to create a permanent category of tax-exempt bonds so that recovery efforts don't stall following a disaster."

If implemented by Congress, Disaster Recovery Bonds would provide permanent, additional authority for state and local governments to issue private activity bonds. These bonds would provide lower-cost financing to replace damaged transportation infrastructure, repair and improve energy generation, transmission and backup facilities, and to assist businesses with construction and equipment replacement costs. In addition, private activity bonds leverage private sector investment in public needs: a vital component to cash-strapped governments during disaster recovery. In the past Congress has created special, one-off recovery bond programs after disasters strike. CDFA advocates creating a permanent disaster recovery category so that affected regions are able to use their special issuing authority immediately.

In 2005, the Gulf Zone Opportunity Act created an allocation of $14.9 billion in tax-exempt private activity bond authority and an additional $7.9 billion in advance refunding bonds for Alabama, Louisiana, and Mississippi. These states issued bonds on behalf of a wide range of important infrastructure and business projects, including waste and energy facilities, housing and manufacturing. Similar allocations approved by Congress include Hurricane Ike Bonds, Midwestern Disaster Area Bonds, and Liberty Bonds in recent years. These special allocation programs have been hailed as a success nationwide.

In the coming days and weeks CDFA will be working to assemble a coalition of municipal and private activity bond stakeholders to build support for the Disaster Recovery Act. To get engaged, contact **Tim Fisher**.

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 non-profit entities alike. For more information about CDFA, visit **www.cdfa.net**.

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