



**Empire State  
Development**

# INDUSTRIAL DEVELOPMENT BOND CAP

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Up to \$300 million of the 2016 Statewide private activity bond allocation (“volume cap”) authority under federal guidelines, will be dedicated to facilitate lower cost tax-exempt bond financing for qualified projects by authorized State agency and/or local government issuers, or projects originating through Regional Economic Development Councils.

IDB Cap is available for state and local government issuers to sell tax-exempt bonds for private projects that demonstrate a public purpose.

*\*\*Funding mechanism: Local Industrial Development Agencies act as conduit financiers by selling tax exempt bonds to private investors to fund economic development projects.*

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In order to receive the benefits of a tax-exempt interest rate, private borrowers and their projects must be eligible under one of the federally-recognized private activity bond categories described in Internal Revenue Code (IRC) sections 142-144, and 1394.

Such categories include:

- Residential Rental Facilities:
  - Multi-family housing where at least 20% of the units must be set aside for low income residents; or,
  - elderly rental housing for low income residents.
- Small Issue (less than \$10 million) Manufacturing Projects;
- Solid Waste Disposal Facilities;
- Sewage Facilities
- Water Furnishing Facilities
- Local furnishing of electric energy or gas;
- Local district heating or cooling facilities;

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## Applicant Eligibility Requirements:

Applicants must be authorized issuers (e.g., local industrial development agency (IDA)) or agents of such authorized issuers (e.g., project applicants that have applied to/been induced by an authorized issuer for financial assistance).

**Note:** Where an applicant is not the authorized issuer, the authorized issuer **must be included** as an additional contact/co-applicant.

Projects must meet eligibility requirements of the federal Internal Revenue Code and any laws/ rules/ regulations governing the issuance of private activity bonds and the provision of financial assistance by the authorized issuer.

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## REDC Option

Most REDCs have been awarded discretionary recommendation authority over limited amounts of volume through the annual Regional Awards.

An **authorized issuer** with a time-sensitive project that meets the regional economic development priorities of its region is encouraged to apply for volume cap directly to its REDC, through ESD's regional office.

Upon the recommendation of the REDC, ESD can work with the Division of Budget to facilitate a timely allocation to the project's authorized issuer.

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## Project Disbursements Method

Volume cap allocation award letter will be provided to local issuer (e.g., IDA) upon such issuer's notification to ESD that bond issuance date (closing) has been scheduled for the applicant project.

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Questions?

Contact:

[George.LaPointe@esd.ny.gov](mailto:George.LaPointe@esd.ny.gov)

(518) 292-5307