

Industrial Development Bonds (IDBs) in 2009!

1% IDB interest rates – IDBs have been averaging less than 1% since the first of the year!

Smaller, local, business friendly banks are now eligible to provide the Letter of Credit with “new” Federal Home Loan Bank guarantees!

\$150 Million available - The California State Treasurer's Office has increased their 2009 allocation for the Industrial Development Bond Program from \$120 Million to \$150 Million – there will be no potential shortage this year!

IDBs benefit from the Federal Stimulus Bill (the American Recovery and Reinvestment Act of 2009 (ARRA) currently set to expire as of January 1, 2011) significantly expands the Industrial Development Bond program!

IDB Tax-Exempt Financing Is Extended to Knowledge-Based Industries

The expansion of the federal definition of ‘manufacturing’ now includes businesses that produce intangible, as well as the customary tangible, products.

Newly qualified “intangible property” product examples include patents, copyrights, formulas, processes, designs, trademarks, know-how, etc.

Newly qualified “knowledge-based” businesses that are eligible include software developers, the biotech, pharmaceutical and nanotech companies, and the entertainment industry firms.

IDB Tax-Exempt Financing Limitations On Non-Core/Ancillary Facilities Are Eliminated

IDB proceeds can now finance any asset that is functionally related and subordinate to a manufacturing, research or production facility that is located on the same site as the core facility.

Therefore, all of the land, building, construction\renovation and new equipment elements of an IDB project are now eligible for tax-exempt financing. Previous restrictions on their use for office, finished goods warehousing and other “non-core” manufacturing uses have been removed.