INDUSTRIAL DEVELOPMENT BOND CAP
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A portion of New York State’s annual 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 financers by selling tax exempt bonds to private investors to fund economic development projects.**
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 enumerated in the Federal 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;
• Qualified Broadband Projects;
• Solid Waste Disposal Facilities;
• Qualified Carbon Dioxide Capture Facilities;
• Sewage Facilities
• Water Furnishing Facilities
• Local furnishing of electric energy or gas;
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 applicant must attach a copy of its application to the IDA/authorized issuer and the IDA/authorized issuer must be included as an additional contact/co-applicant on the CFA.

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.
Time-Sensitive Projects/REDC Option

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

**An authorized issuer** with a time-sensitive, or other, 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.
Project Disbursements Method

Volume cap allocation award letter will be sent to local issuer (e.g., IDA) upon such issuer’s notification to ESD that:

• the letter is needed in order to firm up financing commitments;
  and/or,
• the bond issuance date (closing) has been scheduled for the applicant project.
Questions?

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