



-2015- CDFA Policy Agenda

Policy Area 1: Enact the Modernizing American Manufacturing Bonds Act

The **Modernizing American Manufacturing Bonds Act** is a comprehensive reform package that will modernize Qualified Small Issue Manufacturing Bonds, more commonly known as Industrial Development Bonds (IDBs), or simply “manufacturing bonds.” Manufacturing bonds are a type of Private Activity Bond (PAB) that allow the public sector to pass considerable interest rate reductions on to private companies who wish to expand capacity and create jobs.

This bedrock tool is the single most actively used bond for financing small- to mid-sized manufacturing sector growth and is a key economic development tool for state and local economic development agencies.

The following four reforms will expand the capacity and usability of manufacturing bonds to help create American jobs:

- 1. Expand the definition of “manufacturing” to meet the needs of twenty-first century manufacturers by permitting bond financing for both tangible *and intangible* production.**
- 2. Eliminate the restrictions on “Functionally Related and Subordinate Facilities” for manufacturing bonds to avoid arbitrary challenges and unnecessary inefficiencies that are currently associated with issuances.**
- 3. Increase the maximum bond size limitation from \$10M to \$30M for manufacturing bonds**
- 4. Increase the capital expenditure limitation from \$20M to \$40M for manufacturing bonds**

Legislative language for the Modernizing American Manufacturing Bonds Act has been drafted by CDFA and shared with the congressional tax writing committees. CDFA’s goal for 2015 is to see this important piece of legislation through to enactment. Read the full legislative proposal [online](#).

Policy Area 2: Advocate for Additional SSBCI Funds

The State Small Business Credit Initiative (SSBCI) program, housed and managed by the U.S. Department of Treasury, represents one of the most important advancements in state/federal development finance efforts in decades. SSBCI capitalizes state small business debt and equity programs, including collateral support, loan participation, fund-of-funds, and co-investments. SSBCI leverages \$1.5 billion in federal funds to induce \$15 billion in private lending and investment. CDFA is taking the following actions to support SSBCI:

- 1. Advocate for a new authorization of SSBCI in Congress with an additional \$1.5 billion in federal funding.**
- 2. Lead state, local and private-sector advocacy for reauthorization with activities that include advocacy days in Washington, DC and regular communications with Members of Congress from both political parties.**
- 3. Manage the SSBCI Coalition to promote program best practices, monitor the effective use of the program, and provide information and education on SSBCI and small business capital access.**

Legislative language for the reauthorization of SSBCI has been drafted and is under consideration in Congress. CDFA’s goal for 2015 is to introduce and pass this important piece of legislation.

Policy Area 3: Defend & Preserve Tax-Exempt Bonds

CDFA has established a strong standing in the municipal bond industry, and it will continue to defend the full deductibility of tax-exempt bonds. Tax-exempt bonds remain the bedrock of development finance and are critical to the ongoing growth, development and maintenance of communities throughout the United States. To secure a bright future for tax-exempt bonds, CDFA will:

- 1. Continue to serve on the Executive Committee of the Municipal Bonds for America Coalition and work with other industry partners to protect the tax-exemption.**
- 2. Produce documents, briefing reports and other collateral that demonstrate the importance and impact of private activity bonds in financing economic development throughout the country.**

Policy Area 4: Enact Legislation to Advance Clean Energy & Bond Financing

CDFA is an advocate for the continued development of financing tools that support clean energy development, renewable energy production and energy infrastructure. The federal development finance toolbox for supporting clean energy and renewable energy projects is underdeveloped, and new federal programming is necessary to support ongoing, and to spur additional, investment in this sector. To support this policy area, CDFA has identified two specific legislative proposals aimed at expanding clean energy financing programs:

- 1. Expand the exempt facilities category of PABs under the Internal Revenue Code to include two new qualifying purposes. The “Renewable Energy Resource Facilities” and “Conservation and Efficiency Facilities and Projects” purposes would include allowances for assisting manufacturers with projects that encompass energy generation, transmission and the sale of power.**

Legislative language for creating this new category of bonds has been drafted. CDFA’s goal for 2015 is to have this important legislation introduced in Congress and enacted into law. Read the legislative language [online](#).

- 2. Introduce & pass the State Clean Energy Finance Initiative to accelerate access to capital through the bond markets for clean energy development. This new program would enable states to provide a mix of bond credit enhancement programs to support clean energy finance. The Initiative would leverage over \$50 billion in private investment through the capital markets for clean energy infrastructure and industry.**

The legislative proposal for the State Clean Energy Finance Initiative has been crafted by CDFA. The goal for 2015 is to introduce and pass this important piece of legislation. Read the full legislative proposal [online](#).

Policy Area 5: Support Federal Financing Programs

The federal government provides a wide variety of financing opportunities for state and local development finance needs. To support the ongoing ability of the federal government to offer these programs, CDFA has established the following priorities to support in 2015:

- 1. Support and work with industry partners to extend and permanently authorize the highly popular and successful federal New Markets Tax Credit (NMTC) program.**
- 2. Support and work with industry partners to advocate for the permanent authorization of the Immigrant Investor Program, more commonly known as EB-5.**
- 3. Firmly establish the Federal Economic Development Finance Working Group as a collaborative initiative between public, private and non-profit institutions in the development finance industry.**
- 4. Update, on an ongoing basis, the CDFA Federal Financing Clearinghouse for CDFA members to access information on all federal development finance programs.**
- 5. Support the programming and funding efforts of the DOE, HUD, EDA, USDA, CDFI, SBA, DOT, DOL, EPA, and other federal agencies, as well as the efforts of the federal government to update and improve the programming offered by these agencies.**