



Original Research:
CDFFA's 2009 National
Volume Cap Report

Released July 2010



Original Research:

CDFA's 2009 National Volume Cap Report

CDFA's 2009 National Volume Cap Report

Released July 2010

The Council of Development Finance Agencies (CDFA), in order to provide an important service to the development finance industry and its members, has collected 2009 private-activity bond (PAB) volume cap data.

To compile the data, CDFA surveyed and interviewed representatives from each state's allocating authority. The data represents the most accurate volume cap numbers as reported by each state to CDFA or the numbers posted in the states' year-end private-activity bond reports.

As a leader in the development finance industry, CDFA serves as the principal source for private-activity bond volume cap data, reporting and trends. Comprehensive volume cap data can be found online at CDFA's National Volume Cap Resource Center. Users can search, sort and compare data from all fifty states and the District of Columbia looking back several years.

Due to factors outside of CDFA's control, a few states have elected to not submit data. CDFA will continue to request data and will update this report and the online National Volume Cap Resource Center accordingly.

About Volume Cap

The federally mandated volume cap for private-activity bonds provides a set allocation to each state. In 2009, the volume cap for each state was equal to the greater of \$90 per capita or \$273.3 million. Each state may allocate their cap and issue bonds by whatever procedure they choose. Unused cap space may be carried forward for up to three years.

The Housing and Economic Recovery Act of 2008 also created a total of \$11 billion in housing-specific volume cap. This cap space was allocated to each state using population as part of a formula. The additional housing cap expires at the end of 2010.

General Statistics and Findings

Overall, 2009 saw a decrease in the total dollar amount of private-activity bonds issued. In 2009, \$11.92 billion of PABs were issued, a \$1.74 billion decrease over issuance in 2008. This represents a 12.7% decrease from 2008.

Carryforward of volume cap, not including the additional housing cap, jumped from \$24.3 billion in 2008 to \$34.4 billion in 2009. This represents a 41.5% increase from 2008. Carryforward that was abandoned decreased from \$3.6 billion in 2008 to \$2.3 billion in 2009.



Original Research:

CDFFA's 2009 National Volume Cap Report

Less than half (46%) of the original additional housing cap created in 2008 has been utilized with \$5.9 billion of carryforward remaining at the end of 2009. Seventeen states have not used any of the additional housing cap through the end of 2009, compared to 34 in 2008.

Industrial Development Bond Trends

Consistent with the overall trends in the PAB market, Industrial Development Bonds (IDBs), a bedrock financing tool for the economic development industry, saw a decline in issuance in 2009. IDBs, issued by state and local authorities, allow small to medium sized manufacturers to borrow money at lower cost for expansion and other capital expenses.

Issuances of IDBs totaled approximately \$946.5 million in 2009, compared to \$1.27 billion in 2008. While a decrease, 2009 IDB issuance is still at or above 2003-2005 levels.

A total of 28 states saw a decrease in IDB issuance in 2009 over the prior year versus eight posting an increase in IDB issuance.

States with the largest drop-off in volume (dollars in millions) of IDBs in 2009 over the prior year:

1. Pennsylvania – down \$121.8 in 2009, a decrease of 75.3%
2. Louisiana – down \$112.0 in 2009, a decrease of 100%
3. California – down \$98.3 in 2009, a decrease of 83.1%
4. Massachusetts – down \$79.3 in 2009, a decrease of 81.0%
5. Michigan – down \$55.7 in 2009, a decrease of 97.0%
6. Kansas – down \$37.9 in 2009, a decrease of 84.0%

Several states issued no IDBs in 2009 after being active in 2008. They include:

- Arizona
- Delaware
- Iowa
- Maine
- New Hampshire

States that issued the highest volume (dollars in millions) of IDBs in 2009:

1. Indiana - \$201.0
2. Virginia - \$170.0
3. West Virginia - \$115.4
4. Kentucky - \$71.4
5. Pennsylvania - \$40.0
6. New Jersey - \$39.8



Original Research:

CDFA's 2009 National Volume Cap Report

States that issued IDBs in 2009 and had no IDB issuance in 2008:

- Arkansas, \$8.8 million
- North Dakota, \$1.5 million
- West Virginia, \$115.4

Each region throughout the country witnessed declines but some much worse than others. More than half of all IDB issuance were concentrated in four contiguous states - Indiana, Kentucky, West Virginia and Virginia.

With the exception of Indiana, the Great Lakes saw declines in issuance by Ohio, Wisconsin, Minnesota, and Michigan.

With California's IDB usage decline, the West again witnessed decreases in usage with only Oregon posting a modest gain in IDB issuances. California continues to be among the more aggressive marketers of IDBs in its implementation of ARRA bond programs.

The Northeast states saw their usage take a hit in 2009. Massachusetts saw a decrease of 81% in 2009. Pennsylvania, another historically active IDB state, saw a decline of 75%.

Impact of CDFA's Legislative Efforts on IDBs

Over the past four years CDFA has been very successful in passing legislation to update, modify and strengthen the use of IDBs. CDFA was successful in passing new legislation as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The use of IDBs has been expanded for 2009 and 2010 to include production of intangible property, a change targeted at biotech and high-tech firms. In addition, the 25% limitation on directly related and subordinate facilities has been eliminated for 2009 and 2010. This legislative change makes it easier for manufacturers to use IDB financing since it allows additional components of a facility to be built or expanded with IDBs without restrictions.

The expansion of firms qualifying for IDBs, the removal of the 25% limitation on directly related and subordinate facilities, and other ARRA provisions are expected to have a larger affect on issuance in 2010 as issuers become more familiar with these new tools and the economy begins to improve.

In addition, passage of CDFA legislation in 2006 to increase the capital expenditure limit from \$10 million to \$20 million for IDBs was a contributing factor of higher issuance levels in 2007 and 2008. And, despite the decrease in total issuance 2009, IDBs remain a viable and popular financing option for small- to medium-sized manufacturers.

While current economic and market conditions have impacted the use of IDBs, CDFA's legislative changes in 2006 and 2009 will help IDB levels remain steady as more companies will have access to this low-cost financing tool.



Original Research:

CDFA's 2009 National Volume Cap Report

As the voice of the development finance industry on Capitol Hill, CDFA will continue to advocate for extensions of ARRA provisions expanding the definition and use of IDBs beyond their 2010 sunset. Additional ARRA extensions supported by CDFA include: Build America Bonds, Recovery Zone Bonds, PAB exemption from the AMT, changes related to bank-qualification for 501(c)(3) bonds, FHLB letters of credit on tax-exempt bonds, and the 2% de minimus rule for banks.

CDFA is also advocating for a new exempt facilities category under the volume cap for green and renewable energy projects that would impact overall issuance of PABs.

IDB Issuance by State, 2008-2009				
State	2008 IDBs	2009 IDBs	Change 2008-2009	Change in Percentage 2008-2009
Alabama	28.0	16.8	-11.2	-40.0%
Alaska	n/a	0.0	n/a	n/a
Arizona	2.2	0.0	-2.2	-100.0%
Arkansas	0.0	8.8	8.8	-
California	118.3	20.0	-98.3	-83.1%
Colorado (a)	n/a	n/a	n/a	n/a
Connecticut	0.0	0.0	0.0	0.0%
Delaware	5.0	0.0	-5.0	-100.0%
District of Columbia (b)	0.0	0.0	0.0	0.0%
Florida	52.9	19.8	-33.1	-62.6%
Georgia	31.3	12.5	-18.8	-60.1%
Hawaii	0.0	0.0	0.0	0.0%
Idaho	0.0	0.0	0.0	0.0%
Illinois (c)	n/a	24.0	n/a	n/a
Indiana	29.9	201.0	171.1	572.2%
Iowa	2.0	0.0	-2.0	-100.0%
Kansas	45.1	7.2	-37.9	-84.0%
Kentucky	71.2	71.4	0.2	0.3%
Louisiana	112.0	0.0	-112.0	-100.0%
Maine	13.4	0.0	-13.4	-100.0%
Maryland	38.6	9.1	-29.5	-76.4%
Massachusetts	97.9	18.6	-79.3	-81.0%
Michigan	57.4	1.7	-55.7	-97.0%
Minnesota	14.8	4.8	-10.0	-67.6%
Mississippi (a)	2.5	n/a	n/a	n/a
Missouri	54.3	20.7	-33.6	-61.9%
Montana	0.0	0.0	0.0	0.0%
Nebraska	18.1	5.5	-12.6	-69.6%
Nevada (a)	n/a	n/a	n/a	n/a
New Hampshire	3.4	0.0	-3.4	-100.0%
New Jersey	44.4	39.8	-4.6	-10.4%
New Mexico	0.0	0.0	0.0	0.0%
New York (a)	n/a	n/a	n/a	n/a
North Carolina	18.0	6.1	-12.0	-66.4%
North Dakota	0.0	1.5	1.5	-
Ohio	35.9	21.3	-14.6	-40.7%
Oklahoma	3.0	7.1	4.1	136.7%
Oregon	3.7	4.0	0.3	8.1%
Pennsylvania	161.8	40.0	-121.8	-75.3%
Rhode Island	4.0	0.0	-4.0	-100.0%
South Carolina	8.9	0.0	-8.9	-100.0%
South Dakota	0.0	0.0	0.0	0.0%
Tennessee	17.5	28.8	11.3	64.6%
Texas	40.9	16.0	-24.9	-60.9%
Utah	32.0	6.0	-26.0	-81.3%
Vermont	10.5	9.5	-1.0	-9.5%
Virginia	n/a	170.0	n/a	n/a
Washington	18.4	3.5	-14.9	-81.0%
West Virginia	0.0	115.4	115.4	-
Wisconsin	69.0	35.6	-33.4	-48.4%
Wyoming	0.0	0.0	0.0	0.0%
Total	1266.3	946.5	-319.9	-25.3%

Notes: Figures are in millions of dollars, totals may not add up due to rounding or other factors, and n/a represents data that was not available to CDFA. Questions about specific states volume cap data should be directed to the appropriate state allocating authority.

- (a) The states of Colorado, Mississippi, New York and Nevada have elected not to supply volume cap data
- (b) The District of Columbia does not track issuance by other authorities within the District
- (c) Illinois data represents Illinois Finance Authority data only.



Original Research: CDFFA's 2009 National Volume Cap Report

Volume Cap Allocations and Issuance of Private-Activity Bonds in 2009

State	Agency	New Cap	Carry-forward from Previous Years	Extra Housing Cap	Total Capacity	Mortgage Revenue Bonds	Multi-family Housing	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Mortgage Credit Certificates	Other Bonds	Total PABs Issued	Carry-forward Abandoned	Carry-forward to Next Year	Extra Housing Cap Carry-forward	Total Carry-forward to Next Year
AL	State IDA	419.6	770.9	144.9	1,335.4	0.0	0.0	0.0	16.8	53.9	0.0	85.0	0.0	155.7	203.0	831.7	144.9	976.6
AK	State Bond Committee	273.3	581.7	0.0	855.0	80.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.8	0.0	774.1	0.0	774.1
AZ	AZ Dept. of Commerce	585.0	0.0	0.0	585.0	39.4	0.0	0.0	0.0	0.0	0.0	39.4	21.6	100.4	n/a	n/a	n/a	n/a
AR	ADFA	273.3	547.9	89.6	910.8	0.0	0.0	0.0	8.8	15.1	0.0	0.0	0.0	23.9	70.0	727.3	89.6	816.9
CA	CA Debt Limit Allocation Committee	3,308.1	2,090.0	1,177.0	6,575.1	146.0	296.0	0.0	20.0	68.0	0.0	300.0	0.0	830.0	2.0	4,733.1	1,010.0	5,743.1
CO(a)	Division of Housing	444.6	n/a	n/a	444.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CT	Office of Policy & Management	315.1	104.1	109.7	528.9	0.0	0.0	160.1	0.0	20.0	30.0	0.0	0.0	210.1	0.0	246.1	72.7	318.8
DE	Department of Finance	273.3	477.2	96.6	847.1	37.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.5	43.2	669.9	96.6	766.4
DC(b)	Dep. Mayor for Planning & Econ. Dev.	273.3	583.8	96.6	953.7	n/a	n/a	16.7	0.0	0.0	0.0	0.0	0.0	16.7	75.0	660.2	96.6	756.8
FL	Division of Bond Finance	1,649.6	n/a	n/a	1,649.6	162.1	35.3	0.0	19.8	210.5	0.0	0.0	0.0	427.7	0.0	n/a	n/a	n/a
GA	Department of Community Affairs	871.7	1,358.6	271.8	2,502.1	43.0	2.3	0.0	12.5	197.2	0.0	0.0	0.0	255.0	542.1	1,433.1	271.8	1,704.9
HA	Department of Budget & Finance	273.3	314.9	60.3	648.5	100.0	20.8	0.0	0.0	150.0	0.0	0.0	0.0	270.8	7.9	309.5	60.3	369.8
ID	Department of Commerce	273.3	217.0	96.6	586.9	37.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.2	0.0	488.1	61.6	549.6
IL(c)	Illinois Finance Authority	1,161.1	n/a	n/a	1,161.1	0.0	0.0	0.0	24.0	0.0	0.0	0.0	7.2	31.4	n/a	251.3	n/a	251.3
IN	Indiana Finance Authority	573.9	100.0	198.7	872.6	0.0	0.0	0.0	201.0	22.3	0.0	0.6	0.0	223.9	0.0	450.0	198.7	648.7
IA	Iowa Finance Authority	273.3	170.5	96.6	540.4	40.4	0.0	0.0	0.0	0.0	41.9	0.0	27.4	109.7	0.0	374.4	56.2	430.6
KS	Kansas Department of Commerce	273.3	0.0	96.6	369.9	0.0	0.0	0.0	7.2	0.0	0.0	0.0	0.0	7.2	0.0	266.1	96.6	362.7
KY	PAB Allocation Committee	384.2	272.2	45.2	701.6	87.6	0.0	0.0	71.4	0.0	0.0	50.0	0.0	209.0	0.0	447.4	45.2	492.6
LA	Louisiana State Bond Commission	397.0	370.3	134.4	901.7	25.3	12.0	0.0	0.0	2.5	0.0	15.0	0.0	54.8	4.1	708.3	134.4	842.8
ME	Legislature	273.3	517.1	96.6	887.0	101.7	0.0	0.0	0.0	0.0	57.8	0.0	0.0	159.5	0.0	652.3	75.3	727.6
MD	Department of Business & Econ. Dev.	507.0	724.7	161.4	1,393.1	0.0	0.0	270.4	9.1	0.0	0.0	0.0	0.0	279.5	135.0	n/a	n/a	978.6
MA	Office for Administration & Finance	584.8	131.9	202.0	918.7	20.4	127.3	0.0	18.6	0.0	270.0	0.0	0.0	436.3	0.0	407.4	75.0	482.4
MI	Department of Treasury	900.3	1,207.1	315.4	2,422.8	738.2	99.9	0.0	1.7	0.0	0.0	46.4	0.0	886.2	427.4	819.5	289.7	1,109.2
MN	Office of Management & Budget	469.8	314.3	167.7	951.8	43.6	0.0	0.0	4.8	8.7	20.0	0.0	1.2	78.4	0.0	705.7	167.7	873.4
MS(a)	Mississippi Development Authority	273.3	n/a	n/a	273.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
MO	Dept. of Economic Development	532.0	181.7	167.2	880.9	116.1	61.4	0.0	20.7	0.0	0.0	0.0	0.4	178.0	0.0	673.1	29.8	702.9
MT	Department of Administration	273.3	326.2	96.6	696.1	0.0	4.8	0.0	0.0	0.0	0.0	20.0	0.0	24.8	0.0	574.7	96.6	671.3
NE	Investment Finance Authority	273.3	370.7	96.6	740.6	0.0	1.5	0.0	5.5	0.0	0.0	0.0	2.7	9.7	0.0	634.3	96.6	730.9
NV(a)	Dept. of Business & Industry	273.3	n/a	n/a	273.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NH	NH Business Finance & NH Housing	273.3	226.1	96.5	595.9	85.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	85.8	0.0	473.9	36.2	510.1

Original Research: CDFA's 2009 National Volume Cap Report

Volume Cap Allocations and Issuance of Private-Activity Bonds in 2009

State	Agency	New Cap	Carry-forward from Previous Years	Extra Housing Cap	Total Capacity	Mortgage Revenue Bonds	Multi-family Housing	Housing Not Broken Out	IDBs	Exempt Facilities	Student Loans	Mortgage Credit Certificates	Other Bonds	Total PABs Issued	Carry-forward Abandoned	Carry-forward to Next Year	Extra Housing Cap Carry-forward	Total Carry-forward to Next Year
NJ	Office of Public Finance	781.4	468.4	181.6	1,431.4	0.0	0.0	144.5	39.8	75.7	450.0	0.0	0.0	710.0	39.5	597.0	84.8	556.1
NM	State Board of Finance	273.3	203.9	na	477.2	113.7	6.9	0.0	0.0	0.0	132.7	0.0	0.0	253.3	0.0	223.9	na	223.9
NY	Office of the Budget	1,754.1	n/a	n/a	1,754.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
NC	Department of Commerce	830.0	1,105.4	283.7	2,219.1	0.0	13.0	13.0	6.1	0.0	0.0	200.0	8.8	234.4	0.6	1,709.2	275.0	1,984.2
ND	Governor's Office	273.3	618.6	96.6	988.5	128.3	0.0	0.0	1.5	0.0	0.0	0.0	0.0	129.8	60.0	702.1	96.6	798.7
OH	Ohio Department of Development	1,033.7	1,507.2	359.1	2,900.0	83.6	51.9	0.0	21.3	377.0	0.0	0.0	0.0	533.9	0.0	2,007.0	359.1	2,366.1
OK	Bond Advisor's Office	327.8	365.5	113.3	806.6	255.8	0.0	0.0	7.1	0.0	50.8	14.2	0.0	327.8	23.2	342.3	113.3	455.6
OR	PAB Committee	341.1	687.1	117.3	1,145.5	0.0	61.2	0.0	4.0	17.1	0.0	0.0	0.0	82.3	119.7	826.3	117.3	943.6
PA	DCED	1,120.3	683.1	143.4	1,946.8	357.4	7.9	0.0	40.0	616.3	0.0	0.0	4.3	1,025.9	0.0	675.1	245.9	921.0
RI	Public Finance Management Board	273.3	345.3	96.5	715.1	75.0	0.0	0.0	0.0	0.0	25.7	0.0	0.0	100.7	0.0	517.9	96.5	614.4
SC	Budget & Control Board	403.2	331.7	138.0	872.9	0.0	0.0	0.0	0.0	0.0	85.0	0.0	0.0	85.0	15.3	634.7	138.0	772.7
SD	Governor's Office	273.3	684.5	96.6	1,054.4	50.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	57.5	191.2	709.1	96.6	805.7
TN	Dept. of Econ. & Com. Dev.	559.3	n/a	n/a	559.3	0.0	0.0	325.6	28.8	0.0	204.8	n/a	n/a	559.3	n/a	n/a	n/a	n/a
TX	Bond Review Board	2,189.4	1,549.7	730.0	4,469.1	81.3	44.4	0.0	16.0	358.8	0.0	480.8	75.0	1,056.3	236.1	2,728.2	448.5	3,176.6
UT	Department of Community & Culture	273.3	45.9	96.6	415.8	0.0	45.0	n/a	6.0	0.0	0.0	n/a	n/a	51.0	0.0	288.2	76.6	364.8
VT	Emergency Board	273.3	82.6	96.6	452.5	0.0	17.4	0.0	9.5	0.0	0.0	0.0	0.0	26.9	0.0	346.4	79.2	425.6
VA	Dept. of Housing & Community Dev.	699.2	656.5	158.9	1,514.6	0.0	130.6	0.0	170.0	0.0	0.0	0.0	0.0	300.6	0.0	1,185.7	28.3	1,214.0
WA	Department of Commerce	589.4	315.7	195.0	1,100.1	75.0	74.9	0.0	3.5	54.7	0.0	60.0	0.0	268.1	5.0	773.4	53.7	827.1
WV	WVEDA & WVHDF	273.3	471.2	96.6	841.1	100.0	0.0	0.0	115.4	104.4	0.0	0.0	11.0	330.8	40.7	373.1	96.6	496.7
WI	Dept. of Commerce/WHEDA	506.5	942.5	175.4	1,624.4	256.0	39.3	0.0	35.6	0.0	0.0	0.0	0.0	330.9	77.2	1,055.0	161.4	1,216.4
WY	Governor's Office	273.3	327.4	96.6	697.3	90.0	0.0	0.0	0.0	0.0	0.0	0.0	150.0	240.0	0.0	360.7	96.6	457.3
Totals		30,251.8	23,351.1	7,386.4	60,989.3	3,571.2	1,153.8	930.3	946.5	2,352.2	1,368.7	1,311.4	317.1	11,924.5	2,318.2	34,366.8	5,966.1	41,212.6

Notes: Figures are in millions of dollars, totals may not add up due to rounding or other factors, and n/a represents data that was not available to CDFA. Questions about specific states volume cap data should be directed to the appropriate state allocating authority.

- (a) The states of Colorado, Mississippi, New York and Nevada have elected not to supply volume cap data
- (b) The District of Columbia does not track issuance by other authorities within the District
- (c) Illinois data represents Illinois Finance Authority data only.