



*Original Research:*  
CDFFA's 2010 National  
Volume Cap Report

Released July 2011



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The Council of Development Finance Agencies (CDFA), in order to provide an important service to the development finance industry and its members, has collected 2010 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 [www.cdfa.net](http://www.cdfa.net). 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 Map accordingly.

### **About Volume Cap**

The federally mandated volume cap for private-activity bonds provides a set allocation to each state. In 2010, the volume cap for each state was equal to the greater of \$90 per capita or \$273.8 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 expired at the end of 2010.

### **General Statistics and Findings**

Overall, 2010 saw an increase in the total dollar amount of private-activity bonds issued. In 2010, \$14.6 billion of PABs were issued, a \$2.7 billion, or 23%, increase over the \$11.9 billion issued in 2009. The dollar amount of 2010 issuance exceeded the level of private-activity bond issuance in 2008, which was \$13.7 billion.

Carryforward of volume cap at the end of 2010 into 2011 was given as \$43.5 billion. This is a slight increase over volume cap reported as being carried into 2010. States reported carrying \$41.6 billion of volume cap from previous years (2007, 2008, and



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2009) into 2010. This indicates a \$1.9 billion, or 5%, increase in carryforward from the end of 2009 to the end of 2010.

The dollar amount of carryforward that was abandoned increased from 2009 to 2010. In 2010, states allowed \$4.3 billion of 2007 volume cap to expire. This is an increase of \$2.0 billion over the \$2.3 billion of 2006 volume cap that expired at the end of 2009. States also allowed \$2.2 billion of the additional housing cap to expire, although the majority of states did report using the entirety of their allotment.

That states would choose to carry more of their volume cap allocation forward in 2009 and 2010 is not surprising, as two separate federal bond finance programs provided tools for funding projects outside of regular volume cap allocations. Specifically, the Housing and Economic Recovery Act of 2008 supplied an additional \$11 billion in volume cap, and Build America Bonds served projects that may have otherwise counted against volume cap allocations.

### **Industrial Development Bond Trends**

Industrial Development Bonds (IDBs), issued by state and local authorities, represent the primary source of low-cost financing for small to medium-sized manufacturers and have been providing much needed support for decades. However, the 2010 activity for this bedrock financing tool cut against the overall trends in the private-activity bond market and instead saw a decline in issuance in 2010.

Issuances of IDBs totaled approximately \$665.9 million in 2010, compared to \$946.5 billion in 2009. This overall decline of \$280.6 million conceals a great deal of variation among the states.

States with the largest drop-off in volume of IDBs in 2010 over 2009:

1. Indiana – down \$190.1 million, a decrease of 95%
2. West Virginia – down \$115.4 million, a decrease of 100%
3. Virginia – down \$54.2 million, a decrease of 32%
4. Tennessee – down \$27.9 million, a decrease of 97%
5. Ohio – down \$21.3 million, a decrease of 85%

Several states issued no IDBs in 2010 after being active in 2009. They include:

- Minnesota
- North Carolina
- North Dakota
- Oklahoma
- West Virginia



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States that issued the highest volume of IDBs in 2010:

1. Virginia – 115.8 million
2. Massachusetts – \$101.2 million
3. Pennsylvania – \$77.2 million
4. Wisconsin – \$46.5 million
5. California – \$45.0 million

States that issued IDBs in 2010 and had no IDB issuance in 2009:

- Arizona – \$4.2 million
- Iowa – \$1.4 million
- Rhode Island – \$24.3 million
- South Carolina – \$7.0 million

Location does have some relationship to the changes in IDB issuance. The five states with the greatest declines in issuance (Indiana, West Virginia, Virginia, Tennessee, and Ohio) are contiguous (and Kentucky did not report IDB issuance). States along the West coast all saw an increase in issuance, with California more than doubling its level of activity in 2009. Outside of these two areas, however, there was much less regional consistency to IDB issuance in 2010.

### **Impact of CDFA's Legislative Efforts on Tax-Exempt Bonds**

State and local governments have been able to use tax-exempt bonds to catalyze investment in business, industry, and infrastructure for over 30 years. In 1986, Congress heavily regulated bonds and placed limitations on the types of projects eligible for tax-exempt financing. CDFA was part of the 1986 discussion, and the Council has continued to advocate for improvements to the tax-exempt bond program since that time.

The past five years have seen a flurry of legislative activity over tax-exempt bonds. CDFA has been very successful in passing legislation to update, modify, and strengthen the use of IDBs and other tax-exempt bonds.

CDFA was successful in passing new legislation as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The use of IDBs was 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 was eliminated for 2009 and 2010. CDFA continues to advocate for the extension of these changes, which made IDB financing more accessible for manufacturers by allowing components of a facility to be built or expanded with fewer restrictions.



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Passage of CDFA legislation in 2006 to increase the capital expenditure limit from \$10 million to \$20 million for IDBs was a contributing factor to higher issuance levels in 2007 and 2008. Despite the decrease in total issuance in 2010, IDBs remain a viable and popular financing option for small to medium sized manufacturers.

CDFA will continue to advocate for private-activity bond exemption from the AMT, changes related to bank-qualification for 501(c)(3) bonds, FHLB letters of credit on tax-exempt bonds, a new category under the volume cap for renewable energy projects, and the 2% de minimus rule for banks.

In the years ahead, CDFA will not only be looking to improve upon the tax-exempt bond regulations, but also to ensure the preservation of the private-activity bond program itself. Congress and the White House are both looking at significantly altering—or even eliminating—this bedrock economic development financing tool that has a 30 year track record of success. In defense of this program, CDFA has already met with key members of Congress and federal agencies, sent letters to finance-related committee members, collected hundreds of project case studies, and written or commented on the importance of tax-exempt bonds in a number of publications. CDFA will continue these efforts and more to ensure the preservation of tax-exempt bonds. You can find out more about the Council's ongoing efforts—and lend your support—at [www.cdfa.net](http://www.cdfa.net)



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IDB Issuance by State, 2009-2010			
State	2010 IDBs	2009 IDBs	Change 2010-2009
Alabama	12.6	16.8	-4.2
Alaska	n/a	0.0	n/a
Arizona	4.2	0.0	4.2
Arkansas	17.1	8.8	8.3
California	45.0	20.0	25.0
Colorado	4.0	n/a	n/a
Connecticut	0.0	0.0	0.0
Delaware	0.0	0.0	0.0
District of Columbia	0.0	0.0	0.0
Florida	n/a	19.8	n/a
Georgia	36.7	12.5	24.2
Hawaii	0.0	0.0	0.0
Idaho	0.0	0.0	0.0
Illinois <sup>†</sup>	20.0	24.0	-4.0
Indiana	10.9	201.0	-190.1
Iowa	1.4	0.0	1.4
Kansas	3.3	7.2	-3.9
Kentucky	n/a	71.4	-71.4
Louisiana	0.0	0.0	0.0
Maine	0.0	0.0	0.0
Maryland	17.9	9.1	8.8
Massachusetts	101.2	18.6	82.6
Michigan	19.8	1.7	18.1
Minnesota	0.0	4.8	-4.8
Mississippi	n/a	n/a	n/a
Missouri	10.5	20.7	-10.2
Montana	0.0	0.0	0.0
Nebraska	10.0	5.5	4.5
Nevada	46.1	n/a	n/a
New Hampshire	0.0	0.0	0.0
New Jersey	n/a	39.8	n/a
New Mexico	0.0	0.0	0.0
New York	n/a	n/a	n/a
North Carolina	0.0	6.1	-6.1
North Dakota	0.0	1.5	-1.5
Ohio	3.2	21.3	-18.1
Oklahoma	0.0	7.1	-7.1
Oregon	6.3	4.0	2.3
Pennsylvania	77.2	40.0	37.2
Rhode Island	24.3	0.0	24.3
South Carolina	7.0	0.0	7.0
South Dakota	n/a	0.0	n/a
Tennessee	0.9	28.8	-27.9
Texas	3.4	16.0	-12.6
Utah	9.8	6.0	3.8
Vermont	3.9	9.5	-5.6
Virginia	115.8	170.0	-54.2
Washington	6.9	3.5	3.4
West Virginia	0.0	115.4	-115.4
Wisconsin	46.5	35.6	10.9
Wyoming	0.0	0.0	0.0
<b>Total</b>	<b>665.9</b>	<b>946.5</b>	<b>-280.6</b>

Notes

"n/a" indicates that a state did not report IDB issuance for that year

"0.0" indicates that the state reported but did not have any IDB issuance in that year.

<sup>†</sup> Illinois' IDB amounts are from issuances made by the Illinois Finance Authority only.



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## Volume Cap Allocations and Issuance of Private-Activity Bonds in 2010

State	Agency	New Cap	Carryforward from 2007-09	Extra Housing Cap	Total Capacity <sup>a</sup>	Mortgage Revenue Bonds	Multi-family Housing	Housing Not Broken Out <sup>b</sup>	IDBs	Exempt Facilities	Student Loans	Mortgage Credit Certificates	Other Bonds	Total PABs Issued <sup>a</sup>	Carryforward Abandoned	Extra Housing Cap Abandoned	Total Carryforward to Next Year <sup>a</sup>
AL	State Industrial Development Authority <sup>c</sup>	423.8	831.7	144.9	1,400.4	0.0	0.0	n/a	12.6	26.0	0.0	167.5	0.0	206.2	76.5	0.0	117.8
AK <sup>d</sup>	AK State Bond Committee	273.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.0	n/a	0.0	n/a	n/a	n/a	n/a
AZ	AZ Dept. of Commerce	597.4	413.3	199.2	1,209.9	0.0	0.0	n/a	4.2	0.0	0.0	0.0	128.0	132.2	20.0 <sup>e</sup>	199.2	265.3
AR	AR Development Finance Authority	273.8	727.3	89.6	1,090.7	0.0	0.0	n/a	17.1	0.0	0.0	10.0	0.0	27.1	223.3	89.6	750.7
CA	CA Debt Limit Allocation Committee	3,326.5	3,000.0	955.1	7,281.6	60.0	349.6	n/a	45.0	529.6	0.0	181.5	0.0	1,165.8	1,010.4	786.5	4,318.9
CO	Dept. of Local Affairs	452.2	707.1	122.2	1,281.6	0.0	15.7	n/a	4.0	71.1	0.0	111.9	0.0	202.8	12.5	0.0	955.1
CT	Office of Policy & Management	316.6	241.8	72.7	631.1	72.7	81.4	n/a	0.0	0.0	46.4	0.0	0.0	200.5	0.0	0.0	430.6
DE	Dept. of Finance	273.8	669.9	96.6	1,040.2	87.3	0.0	n/a	0.0	0.0	0.0	0.0	0.0	87.3	52.2	96.6	804.1
DC	Deputy Mayor - Planning & Econ. Dev.	273.8	485.0	80.8	764.8	0.0	191.0	n/a	0.0	0.0	0.0	0.0	0.0	191.0	104.3	104.3	200.0
FL <sup>d</sup>	FL State Board of Administration	1,668.4	n/a	n/a	n/a	n/a	122.1	n/a	n/a	n/a	n/a	n/a	599.4	721.5	n/a	n/a	n/a
GA	GA Dept. of Community Affairs	884.6	984.8	265.8	2,135.2	106.2	56.4	n/a	36.7	101.8	0.0	0.0	0.0	301.1	171.6	140.7	1,521.4
HI <sup>f</sup>	HI Dept. of Budget & Finance	273.8	335.6	60.3	669.6	108.3	0.0	n/a	0.0	0.0	0.0	108.3	0.0	108.3	131.2	0.0	430.1
ID	ID Dept. of Commerce	273.8	490.3	61.6	825.7	30.0	0.0	n/a	0.0	0.0	0.0	30.0	0.0	60.0	0.0	1.6	763.5
IL	Office of Management & Budget <sup>g</sup>	1,161.9	n/a	313.0	1,474.9	312.1	453.2	n/a	20.0	n/a	0.0	6.4	n/a	791.7	n/a	250.5	881.0
IN	IN Finance Authority	578.1	450.0	198.7	1,226.8	29.5	0.0	n/a	10.9	125.0	0.0	169.2	0.0	334.6	0.0	0.0	542.1
IA	IA Finance Authority	273.8	374.4	56.2	704.4	57.7	0.0	n/a	1.4	0.0	0.0	0.0	34.1	93.2	0.0	0.0	611.2
KS	KS Dept. of Commerce	273.8	593.4	96.6	963.7	0.0	0.0	n/a	3.3	0.0	0.0	0.0	0.0	3.3	135.3	96.6	728.5
KY	KY PAB Allocation Committee	388.0	312.8	0.0	665.3	276.0	0.0	n/a	n/a	n/a	0.0	9.6	0.0	285.6	0.0	0.0	665.3
LA	Office of the Governor	404.3	708.4	0.0 <sup>h</sup>	1,112.7	51.3	5.5	n/a	0.0	0.0	0.0	0.0	0.0	56.8	44.3	0.0	1,011.6
ME	Legislature	273.8	652.3	75.3	1,001.4	104.5	20.5	n/a	0.0	0.0	15.5	0.0	0.0	140.5	67.4	40.9	752.6
MD	Dept. of Business & Economic Dev.	513.0	906.1	72.5	1,491.6	n/a	n/a	65.6	17.9	0.0	0.0	0.0	0.0	83.5	27.0	72.5	1,308.6
MA	Executive Office for Admin. & Finance	593.4	407.3	75.0	1,075.8	120.1	317.2	n/a	101.2	0.0	0.0	0.0	0.0	538.5	0.0	0.0	537.0
MI	Dept. of Treasury	897.3	1,632.0	289.7	2,819.0	100.0	75.5	n/a	19.8	1.6	0.0	50.0	0.0	246.9	2.7	84.2	2,485.2
MN	Dept. of Management & Budget	474.0	830.3	43.1	1,347.4	245.2	80.9	n/a	0.0	6.9	110.0	0.0	0.0	443.4	0.0	27.3	876.4
MS <sup>d</sup>	MS Dev. Authority	273.8	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	n/a	n/a
MO	Dept. of Economic Development	538.9	682.2	29.8	1,250.9	202.0	61.5	n/a	10.5	13.8	0.0	n/a	n/a	287.8	1.1	2.5	959.5
MT	Administration	273.8	574.4	96.6	944.8	0.0	0.0	n/a	0.0	0.0	0.0	0.0	0.0	0.0	140.7	0.0	804.1
NE	NE Investment Finance Authority	273.8	634.3	96.6	1,004.7	159.7	0.0	n/a	10.0	0.0	0.0	64.0	1.4	235.1	0.0	0.0	769.6
NV	NV Housing Division	273.8	n/a	n/a	n/a	n/a	n/a	152.0	46.1	n/a	n/a	n/a	n/a	198.1	n/a	n/a	n/a
NH	NH Business Fin./NH Housing Fin.	273.8	424.2	36.2	734.2	50.4	18.4	n/a	0.0	0.0	0.0	0.0	0.0	68.8	56.6	0.0	572.6
NJ	The Office of Public Finance	783.7	597.0	84.9	1,465.6	n/a	n/a	43.6	n/a	n/a	323.4	n/a	n/a	389.7	30.7	0.0	572.6
NM	State Board of Finance	273.8	46.5	n/a	320.3	0.0	0.0	n/a	0.0	0.0	15.0	0.0	0.0	15.0	31.6	n/a	273.7



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NY <sup>d</sup>	NY Division of the Budget	1,758.7	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	n/a	n/a
NC	Dept. of Commerce	844.3	1,709.2	275.0	2,828.4	0.0	14.2	n/a	0.0	13.5	0.0	200.0	0.0	227.7	320.5	0.0	2,280.1
ND	Governor's Office	273.8	702.1	96.6	1,072.5	184.3	0.0	n/a	0.0	50.0	0.0	0.0	0.0	234.3	56.0	0.0	782.2
OH	OH Dept. of Development	1,038.8	2,366.1	359.1	3,764.0	419.4	73.1	n/a	3.2	0.0	0.0	0.0	0.0	495.6	200.0	6.4	3,061.9
OK	OK State Bond Advisor's Office	331.8	466.4	113.3	911.5	51.2	0.0	n/a	0.0	0.0	47.7	4.5	0.0	103.4	116.3	0.0	691.8
OR	PAB Committee	344.3	8,829.3	117.3	1,290.9	8.0	52.8	n/a	6.3	0.0	0.0	25.0	0.0	92.1	188.8	117.3	892.7
PA	Dept. of Community & Econ. Dev.	1,134.4	589.3	245.9	1,969.5	563.6	33.3	n/a	77.2	111.2	0.0	0.0	5.0	790.2	163.3	0.0	691.8
RI	Public Finance Management Board	273.8	614.5	96.6	984.9	50.0	83.5	n/a	24.3	0.0	42.5	0.0	0.0	200.3	114.3	0.0	670.3
SC	SC Budget & Control Board	410.5	634.7	102.5	1,147.7	141.2	0.0	n/a	7.0	0.0	0.0	0.0	0.0	148.2	0.0	0.0	999.5
SD	Governor's Office	273.8	709.1	96.6	1,079.5	135.4	0.0	n/a	n/a	n/a	0.0	n/a	0.0	135.4	160.7	1.1	782.3
TN	Dept. of Econ. & Community Dev.	566.7	n/a	n/a	566.7	n/a	n/a	490.8	0.9	0.0	75.0	n/a	n/a	566.7	n/a	n/a	n/a
TX	TX Bond Review Board	2,230.4	2,728.2	448.5	5,407.1	0.0	36.3	n/a	3.4	588.5	293.9	847.6	239.9	2,009.7	146.6	0.0	3,250.8
UT	UT Dept. of Community & Culture	273.8	304.0	96.6	674.3	170.2	26.4	n/a	9.8	n/a	122.4	n/a	0.0	328.8	0.0	0.0	345.5
VT	Emergency Board	273.8	346.4	79.1	699.3	30.2	13.1	n/a	3.9	6.0	19.0	0.0	0.0	72.2	0.3	45.8	581.0
VA	Dept. of Housing & Community Dev.	709.4	n/a	n/a	n/a	443.3	154.3	n/a	115.8	n/a	0.0	n/a	74.3	787.7	0.0	0.0	n/a
WA	Dept. of Commerce	599.8	778.5	53.6	1,431.9	106.1	30.8	n/a	6.9	21.0	0.0	100.1	0.0	264.9	9.0	0.0	1,158.0
WV	WVEDA & WVDHF	273.8	581.8	76.1	931.6	35.0	0.0	n/a	0.0	136.0	0.0	0.0	150.4 <sup>i</sup>	321.4	143.2	0.0	482.7 <sup>j</sup>
WI	Dept. of Commerce/WHEDA	508.9	1,055.0	161.4	1,725.3	40.6	21.5	n/a	46.5	0.0	0.0	0.0	0.0	108.6	179.5	0.0	1,297.4
WY	Governor	273.8	450.7	96.5	547.2	n/a	n/a	73.2	0.0	0.0	0.0	0.0	0.0	73.2	118.7	26.4	629.1
<b>National Totals</b>		<b>30,503.7</b>	<b>41,577.7</b>	<b>6,227.7</b>	<b>64,966.6</b>	<b>4,551.5</b>	<b>2,388.2</b>	<b>825.2</b>	<b>665.9</b>	<b>1,802.0</b>	<b>1,110.8</b>	<b>2,085.6</b>	<b>1,232.5</b>	<b>14,576.7</b>	<b>4,256.6</b>	<b>2,190.0</b>	<b>43,506.2</b>

### Notes

<sup>a</sup> Total columns reflect totals for reported numbers, not necessarily the actual total capacity, issuance, or carryforward for the state.

<sup>b</sup> The "Housing Not Broken Out" column is only applicable if the state does not track Mortgage Revenue Bonds and Multifamily Housing Bonds separately.

<sup>c</sup> The Alabama Housing Finance Authority and the Alabama Development Office also contributed to this report.

<sup>d</sup> The states of Mississippi and New York have elected to not provide reports, and the states of Alaska and Florida have elected to provide incomplete reports.

<sup>e</sup> Arizona abandoned \$20 million of expiring 2007 volume cap but voluntarily decided to release \$593.1 million of non-expiring volume cap.

<sup>f</sup> Hawaii's allocates 50% of its volume cap to the city of Honolulu and the counties of Kauai, Maui, and Hawaii. The counties returned their \$34 million to the state. Honolulu is carrying \$102.8 million into 2011, which is not reflected in the state's report.

<sup>g</sup> The Illinois Finance Authority, the Illinois Housing Development Authority, and the Illinois Student Assistance Commission also contributed to this report.

<sup>h</sup> Louisiana's carryforward of the additional housing cap is reflected as \$0, because the Governor did not order the unused cap to be carried into 2010.

<sup>i</sup> Lottery Revenue Bond.

<sup>j</sup> Does not include allocation being carried by the City of Charleston.