



Economic Development Finance Policy Paper Prepared for President-Elect Barack Obama

The Council of Development Finance Agencies (CDFA) respectfully submits the following recommendations and strategies for improving the economic development finance delivery system as a means to stimulate local economies to help create and retain jobs, encourage new investment and support the development of innovative businesses and technologies. These elements should be included in any eminent federal stimulus package prepared by the new Administration.

- Invest in a “Shovel Ready Projects First 100-Days” stimulus package that focuses on large, \$10 million+ infrastructure, energy and green development projects. Allocate funds directly to the top 200+ projects nationwide through a local/state application process.
- Change elements of the federal tax code for improving and expanding the use of tax-exempt Industrial Development Bonds (IDBs) for financing manufacturers including the following changes:
 - ♦ Update the definition of manufacturing to reflect new economy industries. Current law does not allow high-tech, innovation and intangible manufacturing practices to be eligible for IDB financing. This change was introduced as S. 2885 in 2008 and is ready for immediate inclusion in a stimulus package.
 - ♦ Increase of total bond limit on IDB issuances from \$10 to \$20 million and adjust annually for inflation. The \$10 million limitation was set over 25 years ago and has never been adjusted for inflation.
 - ♦ Make IDBs and 501(c)(3) non-profit bonds of \$3 million or less be allowed to be “bank qualified.” This modest change will allow local banks to invest in small, local manufacturers, which is currently prohibitive under existing code.
- Make permanent the federal Green Bonds Demonstration Program and authorize the allocation of \$10 billion in non-volume cap subjected, tax-exempt bonds for qualified projects.
- Create an Urban Grants Program focused on the top 50 urban cities with grant allocations available for major development initiatives focused on public-private partnerships. Projects should focus on energy self-sufficient and green principle-driven development that reduces urban sprawl, catalyzes urban infill and accelerates central business district revitalization.
- Expand and permanently authorize the Clean Renewable Energy Bonds (CREBs) Program.
- Authorize the New Markets Tax Credit Program through 2014 with an annual per round allocation of \$4.5 billion.
- Reauthorize and adequately fund the federal Empowerment Zone, Renewal Community and Enterprise Community Programs which are set to sunset in at the end of 2009.
- Reauthorize the EPA Brownfields Program; increase the funding and raise the cap for the Brownfields Cleanup grant program to more realistically reflect true cleanup costs.
- Create a national Brownfields Tax Credit Program focused on post clean-up development of former brownfield sites while promoting more use of the federal Brownfield Tax Expensing Program for site remediation.
- Permanently reauthorize the Economic Development Administration (EDA) and provide a minimum funding of \$400 million for agency programs. In particular, expand the economic assistance, public works and planning programs to provide substantive resources to communities struggling with regional economic development challenges.