

Allocation Bulletin #36

February 12, 2015

2015 Initial Tax-Exempt Bond Allocation

The Pennsylvania Department of Community and Economic Development (DCED) in cooperation with the Governor's Office have assigned the 2015 tax-exempt allocation as follows:

Small Issue	\$115,000,000
Small Issue (PEDFA)	\$100,000,000
Agriculture Bonds	\$15,000,000
Exempt Facility Bonds	\$858,720,000
Education (PHEAA)	\$40,000,000
Housing (PHFA)	<u>\$150,000,900</u>
	\$1,278,720,900

Small-Issue Manufacturing Policies

In order to distribute the small-issue manufacturing allocation to the Industrial Development Authorities (IDAs) this calendar year, the following DCED policies will be followed:

- Allocation will be granted to **complete** projects, generally on a first-come-first-served basis. Complete projects are those that meet the application and allocation guidelines including clearances by the Pennsylvania Department of Revenue (taxes) and Pennsylvania Department of Labor and Industry (Pennsylvania Contractor Responsibilities).
- No county will be able to receive more than 15% of the total IDA Small Issue allocation between January 1, 2015 and July 1, 2015. This means that no individual county will be able to issue more than \$17,250,000 in tax-exempt bonds during this timeframe no matter how many IDA issuers are in that particular county. If IDA small-issue manufacturing allocation is still available after July 1, 2015, applications will be processed on a first completed basis



without any further restriction. However, please keep in mind that there may be exceptions to this policy under certain circumstances.

- Preliminary and final allocations will only be approved for amounts in multiples of \$1,000. Please notify all borrowers and bond counsels that allocation projects must close in \$1,000 multiples. **If we receive a Final Allocation Request for an amount that is not in \$1,000 multiples, we will round down in approving the final allocation approval.**
- Bond closings are **NOT** to be scheduled prior to receiving project approval. Projects requiring volume cap may **NOT** close prior to the receipt of a PAR approval. **NO** project may close without project approval by the Secretary.
- Preliminary allocations for small issue and exempt facility projects are valid for a maximum of 90 calendar days, starting the date of the approval. A **one-time only 30-day extension may be requested.** The 30-day extension is at the sole discretion of the agency.
- Our office must receive Final Allocation Requests (FAR) for small issue and exempt facility projects **within 15 calendar days of closing.** It is the IDA's responsibility to submit this request on time. If we do not receive this request within 15 days, the IDA may be suspended from receiving further allocation for the year. To verify that we have received a Final Allocation Request within the required timeframe, **we suggest that you either send the request by registered mail or call our office to confirm receipt.**
- In 2010, the IRS changed the record number system on the 8038 form. The record number is now a tool used by the IRS and does not have to be completed by the issuer. The report number will no longer be noted on FAR certificates.
- Please note that all IDA applications, IDA PARs, and IDA FARs should be sent directly to the Center for Private Financing office to the Attention of Gail Boppe. **DO NOT send applications to the Customer Service Center or submit them online.**
- Only one copy of an application is needed for an IDA project. Duplicates are not necessary and are discarded. The only time a duplicate copy of an application is necessary is when submitting Next Generation Farmer Loan applications. A separate copy must go to the Department of Agriculture, Attention Jared Grisenger.

If at any time during the year you have any questions concerning the availability of small issue manufacturing allocation, it is important that you call Gail Boppe, Program Manager for the IDA Bond program, at 717-783-1109.

Multi-County Project Policy Change

The Department has revised the policy issued on July 7, 1996 in Bulletin No. 7 regarding multi-county projects and projects sponsored outside of the IDA's jurisdiction.



An IDA can finance a project within its (geographic) jurisdiction or outside its jurisdiction without receiving the consent of the most active IDA where the project is located as long as the IDA submits the proper TEFRA documentation (the public notice proof of publication, hearing minutes, and highest elected official approval) and adheres to Section 147(f)(2) of the Internal Revenue Code of 1986, as amended [26 U.S.C. §147(f)(2)]. TEFRA documentation for multi-county projects would include the TEFRA information for each county. Keep in mind a host approval is needed, as well as, the highest elected official approval from the township or county the project is located.

Bond Counsel Opinion

As of June 1, 2007 **ALL** tax-exempt project applications are to be accompanied by a preliminary bond counsel opinion, regardless of project amount.

Increase in Capital Expenditure Limit for Tax-Exempt Bonds

Effective December 31, 2006 the capital expenditure limitation on the use of small issue industrial development bonds were increased from the current \$10 million to \$20 million. However, the single bond issue limit remains \$10 million.

Exempt Facilities

We suggest that all exempt facility projects needing allocation discuss their project with the Center for Private Financing prior to submitting an application and requesting allocation.

All exempt facility projects that require more than \$25 million of allocation must be financed through PEDFA.

2014 Industrial Development Authority Yearly Audit Reports

Each Industrial Development Authority is required to submit an annual audit report to the Department. The 2014 IDA audit report is due by July 31, 2015. The report is required whether or not there was any activity during the year (consult the Pennsylvania Economic Development Financing law for further explanation and requirements). Failure to submit this report with an audit will result in a temporary suspension of receiving the Secretary's approval to issue bonds until the reports are brought up-to-date.

2014 Annual Allocation Report

A copy of Pennsylvania's 2014 Allocation Report that provides a breakdown of the use of allocation during the previous year is attached for reference purposes.

To Contact Our Office

If you have any questions regarding the information in this bulletin, please contact Gail Boppe, Program Manager at 717-783-1108 or 1109 or via email at gboppe@pa.gov

