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Contact: Marj Halperin Consulting
marj@marjhalperin.com
773-539-9906

New Tools Help IFA Expand Economic Development Impact

Bills signed by Governor Pat Quinn help capture job-creating projects for Illinois

(Chicago, IL, July 13, 2010) Illinois' aggressive agenda to create and retain jobs across the state continues with Governor Pat Quinn signing into law two bills to expand the availability of low cost financing for economic development projects. Both bills focus on the Illinois Finance Authority's role in supporting businesses that seek to upgrade or expand in our state.

Public Act 96-1021 makes Illinois more competitive with neighboring states by allowing IFA to finance large non-profits—such as healthcare institutions, private education and cultural institutions—with development projects that include out-of-state locations as well as those within Illinois. This allows major non-profit organizations to locate their headquarters in Illinois and expand throughout our region.

This is becoming an increasingly pressing issue for many of the Authority's borrowers, particularly in the healthcare sector, where multistate expansion is the trend.

"I'm committed to keeping Illinois competitive, using every tool at my disposal to expand businesses headquartered in our state and to encourage others to locate and do business here," said Governor Quinn. "This bill is yet another way to make it clear that Illinois means business."

Neighboring Indiana and Missouri are among the nine states that already have this ability, and have been using their authority to finance Illinois projects and collect the fees that accompany such deals. As a fully self-supporting agency, IFA funds its economic development work through the fees associated with these projects. Multi-state authority is expected to bring in additional revenue to further expand IFA's impact on the Illinois economy.

"Non-profits are as important for job retention and job creation as for-profit businesses. This bill will reduce the cost of financing for non-profit borrowers and will help keep good-paying jobs in Illinois," said bill sponsor Sen. James F. Clayborne, Jr.

House sponsor Rep. Marlow H. Colvin added, "I'm pleased Governor Quinn has acted promptly on this bill, to keep Illinois competitive with neighboring states."

Pooling resources for greatest impact

The second IFA-related bill signed by Governor Quinn helps make sure Illinois regions still struggling from the recent economic downturn can make the most of Federal resources designed to jumpstart the economy. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), more than \$1 billion in Recovery Zone Facility Bonds (business financing) and more than \$660 million in Recovery Zone Economic Development Bonds (local government financing) were allocated directly to Illinois' 102 counties and eight largest cities. Although many projects have been financed to date using these ARRA Bond provisions, several local issuers have unused bonding authority since financings of less \$3 million per project are generally not economical.

These “leftover” bonding allocations range from \$100,000 to approximately \$1.5 million and are being held locally throughout the state. When these ARRA bond provisions expire at the end of this year, this valuable resource could potentially go to waste if a community is unable to utilize remaining allocations.

Public Act 96-1020 authorizes affected counties and other local issuers to pool their leftover bonding authority under IFA’s umbrella, for reallocation to qualified projects that create and retain jobs, jumpstarting local economies as intended.

“Signing this bill helps maximize use of the ARRA bonding authority. Consolidating remaining bonding authority gives us an especially valuable tool, as it generates economic impact without requiring the use of state funds,” said Governor Quinn.

“Creating and retaining jobs without using taxpayer dollars is key to our economic recovery,” added sponsoring Senator A.J. Wilhelmi.

This is yet another way Illinois is keeping competitive, as several states—including Missouri and California—have already approved similar legislation to allow their states to maximize the impact of the ARRA legislation to spur job creation, retention and economic development.

A proposal currently before the U.S. Congress would extend this bonding authority through the end of 2011, but Illinois leaders aren’t waiting to find out whether that will be approved.

“In this economy, we can’t afford to miss a single opportunity, and this bill underscores Illinois’ strategic position as a nimble state prepared to take advantage of remaining bonding authority before it disappears,” added House sponsor Rep. Frank Mautino.

IFA will be contacting each county and municipality that has received ARRA bond allocation to identify eligible projects and unused allocations that could be pooled. IFA is also providing education on how to finance local projects with ARRA Bonds to maximize the impact statewide.

“Complex changes in the economy sometimes require innovative solutions, and these new tools demonstrate the creativity we’re bringing to the marketplace,” said IFA Executive Director Christopher Meister.

The two bills signed by Governor Quinn take effect immediately.

About the Illinois Finance Authority

The Illinois Finance Authority provides expert, hands-on support to help businesses get the capital they need for growth. To strengthen Illinois businesses and the State’s economic development agenda, the IFA provides access to low-cost, non-conventional financing, through banks and other sources. IFA secures financing for farms, industries, businesses, local governments, hospitals and other non-profits. The agency is continually seeking new opportunities and invites developers, financiers and community partners to see how IFA can help. Go to www.il-fa.com to learn more.

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