



IOWA FINANCE
AUTHORITY

Date: 2/21/2014

To: The Honorable Mary Mosiman, Auditor of State
Senator Janet Petersen, Chair, Senate Government Oversight Committee
Representative Kevin Koester, Chair, House Government Oversight Committee
From: David D. Jamison, Governor's Designee for Private Activity Bond Cap Allocation
Re: Report on allocations and reallocations of 2013 Private Activity Bond Cap

Pursuant to Chapter 7C.12 subsection 2c, the governor's designee shall report any reallocation of the amount of the state private activity bonding authority (commonly referred to as "cap") to the legislative Government Oversight Committee as well as to the Auditor of State. This report is a summary of its uses in 2013 and the amount of cap that will be carried forward for 2014.

In 2013, Iowa received \$292,047,670 in cap from the Internal Revenue Service. The process for allocating the federal cap is set forth in Iowa Code Chapter 7C. It specifies allocations for six general "private activity" purposes (or "pools"). They are as follows:

1. 30% for qualified housing bonds (single family and multifamily bonds). These are mortgage revenue bonds issued by the Iowa Finance Authority for the first time homebuyer program, FirstHome, and bonds for affordable multifamily housing projects.
2. 12% to the Economic Development Authority (IEDA) for programs for job training. These are bonds issued by the community colleges for the Iowa Industrial New Jobs Training Program.
3. 16% for qualified student loan bonds. These bonds are issued by the Iowa Student Loan Liquidity Corporation (ISSLC) to fund student loans.
4. 21% to first time farmer loans. These bonds are issued by the Iowa Agricultural Development Authority (IADA) for loans to beginning farmers.
5. 18% for industrial revenue bonds. An eligible industry must be a manufacturer of a tangible product or a processor of agricultural goods. Bonds can be issued for up to \$10 million if the bonds and all capital expenditures for three years before and three years after the date the bonds are issued do not exceed \$20 million. Bonds for solid waste disposal are taken out of this pool. The definition of solid waste for the purposes of these bonds excludes sewage.
6. 3% for purposes of political subdivisions until June 30, and then it shall be available for any type of bond requiring Cap. These are bonds issued by a political subdivision to be used by the political subdivision for a particular project or purpose. Rarely does a political subdivision require bond cap for a project. This pool is generally used for bonds for multifamily housing projects issued by the Iowa Finance Authority on a conduit basis.

The Iowa Finance Authority manages the allocations of Cap for industrial, solid waste and multifamily projects. Allocations are awarded on a first come, first served basis. In 2013, \$8,810,000 was used for industrial projects, \$2,075,000 was used for a solid waste project and \$24,450,000 was used for a multifamily project.

2013 State Volume Cap Allocations for Industrial and Solid Waste Bonds

Applicant	Amount	Community	Description	Date Closed
Metalcraft, Inc	\$3,200,000	Mason City	expansion of existing manufacturing facility	2/28/2013
Putco Manufacturing	\$5,610,000	Ankeny	construction of manufacturing facility	5/1/2013
Maassen Dairy	\$2,075,000	Maurice	Solid waste facility for dairy farm	11/15/2013
Industry Closed	\$10,885,000			

2013 State Volume Cap Allocations for Multifamily Housing

Applicant	Amount	Community	Description	Date Closed
Younkers	\$24,450,000	Des Moines	acquisition & rehab of Younkers Bldg	8/22/2013
Multifamily Closed	\$24,450,000			

If, at the end of the calendar year there is Cap remaining, it can be carried forward for up to three years for certain purposes.

	2011 Allocation	Carry forward from prior years	Total Available	Used	Unused	Carried Forward to 2014
IFA - First Time Home Buyers	\$87,614,301	\$379,030,377	\$466,644,678	\$94,464,584	\$372,180,094	\$204,941,044
IEDA/Community Colleges for New Job Training Certificates	\$35,045,720	\$0	\$35,045,720	\$0	\$35,045,720	\$0
IA Student Loan Liquidity Corp (Student Loans)	\$46,727,627	\$46,547,097	\$93,274,724	\$0	\$93,274,724	\$93,274,724
Iowa Agricultural Development Authority (Beginning Farmer)	\$61,330,011	\$0	\$61,330,011	\$9,493,999	\$51,836,012	\$0
Industrial Development Bonds / Solid Waste Bonds	\$52,568,581	\$0	\$52,568,581	\$10,885,000	\$41,683,581	\$20,000,000
Political Subdivision	\$8,761,430	\$0	\$8,761,430	\$0	\$8,761,430	\$0
Multifamily		\$25,000,000	\$25,000,000	\$24,450,000	\$550,000	\$550,000
Sewage Treatment		\$10,000,000	\$10,000,000	\$0	\$10,000,000	\$10,000,000
Total	\$292,047,670	\$460,577,474	\$752,625,144	\$139,293,583	\$613,331,561	\$613,331,561