

Enterprise Bonds arrange bond financing into cost-effective groupings of smaller, individual project loans to form a larger composite issue. By spreading the costs among many borrowers, bond issuance costs are reduced to make tax-exempt financing more economical for smaller projects. Upfront bond financing costs are kept in the range of 3.5% - 4.0% of the amount of financing requested, and are determined by the size of the composite bond issue and the number of projects. Certain costs are negotiated between a borrower and his letter of credit bank. All or a portion of issuance costs can generally be financed with bond proceeds. No Florida documentary or intangible taxes are due in connection with Enterprise Bonds.

Through the program, credit-worthy manufacturers and select non-profit organizations may qualify for long-term, tax-exempt, below conventional rate loans of \$800,000 - \$2,000,000 or more for the acquisition of fixed assets.

Projects are financed on an individual basis and each loan is separately collateralized by a bank letter of credit. Default by any borrower will not affect the loan terms of other participants. Composite Bonds are issued when a minimum of at least \$4 million in projects has been assembled.

The Florida Development Finance Corporation (FDFC), a financing authority created by the State of Florida, Florida Statutes 288.9603, issues Enterprise Bonds. FDFC is an affiliate of Enterprise Florida, Inc., the business-government partnership dedicated to guiding the development of Florida's economy.

## Funding

The federal government annually allows an amount equal to \$80.00 per capita of tax-exempt bonds to be issued in each state (\$1,537,640,480 for Florida in 2007). These private activity bonds (PABs) are issued for affordable housing, manufacturing and special projects. Florida has designated a portion of this total amount for Florida businesses.

**Manufacturing Facility Bond Pool** - Manufacturers have access to \$97.5 million.

**Florida First Business Bond Pool** - Approximately 20% or \$288,028,096 of the state's allocation is for projects supporting the State's economic development policies.



### MANUFACTURING FACILITY BOND POOL:

- Allocation from the Manufacturing Facility Bond Pool is limited to manufacturing projects, thus enabling the State to assist manufacturers in obtaining cost-effective financing for expansion or new to Florida projects.
- An allocation from the Manufacturing Facility Bond Pool grants authority to an entity to issue tax-exempt bonds. It is not a grant or lease of funds.
- This low-cost debt financing can be used for land acquisition, new facility construction and new equipment purchases (additional rules apply to the financing of an existing facility and/or used equipment).

## Amounts

- \$97.5 million will be taken from the state's total allocation and set aside in the Manufacturing Facility Bond Pool.
- Fifteen percent (15%) of the \$97.5 million is set aside for six months for use in counties with a population of less than 75,000 and counties with a population of less than 125,000 that are contiguous with a county with a population of less than 75,000.
- The first 75% of this Manufacturing Facility Bond Pool is available on a first-come, first served basis.
- The Governor's Office of tourism, Trade and Economic Development (OTTED), the Division of Bond Finance and the Department of Community Affairs allocates the remaining 25% in a manner consistent with the Florida's economic development policy.



## Eligibility

- Access to the Manufacturing Facility Bond Pool is automatic for all Private Activity Bond allocation applicants who are financing “Manufacturing Facilities,” defined in section 144(a)(12)(c) of the Internal Revenue Code as: “any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property)”.

## Application Process

- Various local and state approvals must be obtained by FDFC in order to facilitate a bond issuance.
- There is a good faith deposit required at the time of application equal to .0025 of the bond amount, one-fourth of the one percent (1%) FDFC fee.
- If the Manufacturing Facility Bond Pool allocation is exhausted, it is necessary for FDFC to apply to the Florida First Business Bond Pool for allocation (see below).



### FLORIDA FIRST BUSINESS BOND POOL:

#### Eligibility

- The project must create 100 new jobs in Florida and, if an expansion, increase employment by at least 10%; pay an average wage that is at least 115% of the average wage in the area; and be in a target industry; OR
- The project must create a substantial economic benefit, defined as leading directly and significantly to the expansion and/or diversification of the economic base, implementing a key economic development strategy of the state or community, or saving a significant number of Florida jobs.
- Environmental projects that assist the continuing operation of an existing Florida business are also eligible.

#### Application Process

In the event that the manufacturing bond pool is depleted, applications must be made to the Florida First Business Pool. Applications should be submitted to the Governor’s Office of Tourism, Trade and Economic Development (OTTED) by either a business undertaking an investment project or by the Florida Development Finance Corporation (FDFC).

- OTTED will review each application and report to the Executive Director. After April 1 of each year, the Executive Director will consider these applications at least once every 90 days and certify projects as FFB projects based on the criteria listed above. Applications for individual projects of less than \$2 million may be considered at any time during the year.

Contact Louis Laubscher at Enterprise Florida to determine eligibility for tax-exempt financing. He can be reached at 407.956.5631. Wynnelle Wilson is the OTTED contact. She can be reached at 850.487.2568.

Statutory Reference: [Section 288.9602, Florida Statutes](#) and [288.9618, Florida Statutes](#)