

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis

Small-Issue Industrial Development Bond Projects

2002 Summary

Small-Issue Industrial Development Bonds (IDBs) are tax-exempt private activity bonds that are issued through state and local governmental agencies to assist manufacturing facilities finance capital expenditures. Today, most IDBs support expansions of existing manufacturing. IDBs offer considerable interest rate savings to small and midsize manufacturers in contrast to conventional loans. When used by manufacturers, IDBs serve to retain and create new jobs within their communities. Under the leadership of State Treasurer Philip Angelides, the Committee has redirected the emphasis of this program toward smart growth principles that assure the award of bond authority is prioritized in distressed communities where there is high unemployment, high poverty, and low income rates. The program emphasizes job retention and creation, medical and childcare benefits for employees, and wages that are above the area's standard manufacturing wage.

The California Debt Limit Allocation Committee is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2002, California's State ceiling is \$2.587 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Small-Issue Industrial Development Bond Project Pool. Initially for calendar year 2002, the Committee reserved approximately 4%, or \$100 million, of the State ceiling for the IDB pool. However, due to lack of demand tax-exempt bond allocation for the three allocation rounds was reduced. A total of \$46,341,575 of bond authority was awarded in three allocation rounds and to one sub-pool, the Small Business Program Pool.

The California Debt Limit Allocation Committee awarded a total of \$46,341,575 in IDB's in 2002. Of this amount, \$33,641,575 was allocated to individual Small-Issue Industrial Development Bond Projects and \$12.7 million was allocated to the Small Business Program Pool.

Small-Issue Industrial Development Bond Projects totaled seven that will create a total of 477 new jobs in California, of which 28 are management, 128 skilled, 126 semi-skilled and 195 unskilled jobs. The new jobs will produce a weighted average hourly wage of \$15.36. The Small Business Program Pool totaled four projects that will create a total of 250 new jobs in California, of which 13 are management, 87 skilled, 95 semi-skilled and 55 unskilled jobs. The new jobs will produce a weighted average hourly wage of \$18.65.

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**2002 Total Benefit of the Small-Issue Industrial
Development Bond Project Pool Summary**

Program Pool	Allocation Amount	Number of Projects	# of New Mngmt Jobs	# of New Skilled Jobs	# of New Semi-skilled Jobs	# of New Unskilled Jobs	Total # of New Jobs Created	Weighted Average Hourly Wage
Small-Issue Industrial Development Bond Project Pool	\$33,641,575	7	28	128	126	195	477	\$15.36
Small Business Program Pool	\$12,700,000	4	13	87	95	55	250	\$18.65
TOTALS	\$46,341,575	11	41	215	221	250	727	\$16.49