

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
Public Benefit Analysis
Small-Issue Industrial Development Bond Programs and Projects
May 19, 2005 Allocation

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.

The California Debt Limit Allocation Committee (“Committee”) is responsible for administering California’s annual tax-exempt private activity bond program, known as “the annual State ceiling”. For calendar year 2005, California’s State ceiling is \$871 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. For calendar year 2005, the Committee reserved \$50 million, or 1.7%, of the State ceiling for the IDB Project Pool. The \$50 million of bond authority will be allocated throughout the 2005 program year.

The Committee awarded \$16 million to Small-Issue Industrial Development Bond Projects on May 19, 2005 for a total allocation to date of \$43.5 million. This represents 87% of the \$50 million IDB Project Pool and 1.5% of the 2005 \$2.871 billion State ceiling.

The three Small-Issue Industrial Development Bond projects funded on May 19, 2005 will create a total of 226 new jobs and retain a total of 126 existing jobs in Alameda and Los Angeles Counties. Of these, 70 new and 18 retained jobs are in the City of Alameda and 134 new and 28 retained jobs are in the City of Fremont and 22 new and 80 retained jobs are in the City of Santa Fe Springs. The new jobs will produce a weighted average hourly wage of \$34.65.

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| Program Pool | Allocation Amount | Number of Projects | Number of New Mngmt Jobs | Number of New Skilled and Semi-Skilled/Jobs | Number of New Unskilled Jobs | Total Number of New Jobs Created | Weighted Average Hourly Wage | Total Number of Jobs Retained |
|---|--------------------------|---------------------------|---------------------------------|--|-------------------------------------|---|-------------------------------------|--------------------------------------|
| Small-Issue Industrial Development Bond Project Pool | \$16,000,000 | 3 | 7 | 207 | 12 | 226 | \$34.65 | 102 |
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