

## **Recovery Zone Facility Bond (RZFB) Fact Sheet**

The federal government has created an incentive for projects/growth in areas experiencing economic and fiscal distress called the Recovery Zone Facility Bonds.

- Offered through the American Recovery and Reinvestment Act of 2009 (part of the stimulus package).
- Maximizes the potential for employment and economic impact in Washington County.
- **This is NOT a loan program.**

The RZFB does two things

- The bank loaning money to the developer for the project will receive a bond designation which **exempts the bank from having to pay both federal and state taxes on the interest accrued** over the life of the loan to the developer.
- This allows the bank to offer a reduced interest rate for the loan to the developer/project (typically 1%).

Washington County has been allocated a **maximum of \$13,958,000.00** for RZFBs and projects valued at **\$3 million** or greater will be considered.

### **Why should qualified businesses be interested in RZFBs?**

- The RZFB program **substantially increases** the amount of Borrowers that may access tax-exempt debt to finance capital projects.
- Tax exempt bonds typically provide **lower interest rates**.
- Tax exempt bonds **provide longer debt term**, e.g. 20 years versus 5 year bank financing.
- Gives companies with good credit a way to enter the long-term debt market at desirable rates allowing them to retain and create jobs and sales.
- This bond financing is **not limited** to industrial firms, but can also be used by qualified businesses including retail, commercial, office, and service providers.

### **Minimal Administrative costs**

- \$250 application fee to be submitted with proposal.
- County/State will receive an Administration Fee of 1/8 of 1%.