The Roles and Functions of IDAs and EDAs

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1. In the Beginning: A Historical Perspective on EDAs
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2. Legislative Changes
   • 1990s EDA “Reinvented”
3. Governmental Facilities
4. EDAs in 2021
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In the Beginning:

A Historical Perspective on EDAs
A Historical Perspective on EDAs

- EDAs and IDAs are the same types of entities, difference in name only
- The Role of EDA/IDA in the mid-60s through mid-80s
- Conduit issuer of IDBs for low interest tax exempt loans to industrial and commercial buildings
Examples

• (For Profit) Nursing Homes
• Shopping Centers
• Department Stores
  • K-Mart
• Auto Dealerships
• Restaurants
  • McDonalds
• Office Buildings
Legislative Cases
Legislative Changes

1982 TEFRA
Public Hearings & Public Notices Required

1988 Virginia Law Changes
Fiscal Impact Statements to collect information on economic benefits

1984 Volume Cap Limitations under Federal Law
State Limit

1986 Tax Reform Act
- Only “Manufacturing Facilities”
- Bank Limitations
- Not “Bank Qualified”
1990s EDA “Reinvented”

• Broader Approach
• Exempt Facilities
• Manufacturing
• 501(c)(3) Bonds - non-profits
  • Hospitals
  • Nursing Homes
  • YMCAs
  • Private Schools and Universities
Governmental Facilities

- Public Buildings
- Courts
- Schools
- Infrastructure Improvements
- Industrial Parks and Acquisition of Property for Economic Development
- Parks
EDAs in 2021
EDAs in 2021

• Tax-Exempt Financing for Traditional Uses
  • Manufacturing, Exempt Facility, Non-Profit, Governmental
• Taxable Bonds
• Working Capital
• Equipment
• Lease Purchase Financing
• Recycling Facilities
• Industry Appreciation Events
• Performance Agreements
• Grant Funding (e.g. GOF, AFID, Tobacco Commission)
EDAs in 2021

- Annual Chamber/Business Dinners
- Awards/Scholarships for High Schools
- Tourism Facilities
- Economic Development Staffing
- Downtown Redevelopment
- Revolving Loan Programs
- Incentives in Blighted Areas
EDAs in 2021

• Trade Shows
• Marketing Activities
• Business Incubators
• Special Tax Districts
  • CDAs
  • Service Districts
• TIF Overlays
EDAs in 2021

• Governmental Financings
  • Lease Purchase/Moral Obligation
    ▪ Courthouses
    ▪ Office Buildings
    ▪ Interim school financings (literary loan anticipation notes)
    ▪ Assorted Equipment/Capital Replacement
    ▪ Infrastructure (water/sewer/natural gas and site development)
    ▪ Economic Development
EDAs in 2021

- Farmers Markets
- Dedicated Funding Sources
- Industrial Parks
- Shell Buildings
- CDBG Grants
- Revolving Loan Funds
- Options for Land Development
- Business Incubators
- Job Fairs
EDAs in 2021

- Private University Foundations
- Hospitals
- Nursing Homes
- YMCA
- Private Schools
EDAs in 2021

• Authority Fees
  • Application
  • Annual Authority Fee (maximum 1/8th or 1%)

• Balance Approach
  • Micro and small business and large impact developments

• Incentive/Performance Grants
  • Programs for targeting industries with incentive monies from locality funds based on performance or investment criteria
  • Synthetic TIF issues
Other Laws that Apply to EDAs

Conflict of Interest Act, Procurement Act, and Freedom of Information Act
Other Laws that Apply to EDAs

• Conflict of Interest Act
  • Personal Interest in a Contract
  • Personal Interest in a Transaction
  • Annual Filing of Financial Disclosure with changes in 2020, long form disclosure now required of IDA/EDA members

• Procurement Act
  • Not Applicable to “Authority Facilities”
  • Does apply to Governmental Facilities and IDA/EDA owned facilities
Other Laws that Apply to EDAs

• Freedom of Information Act
  • Meetings
  • Closed Meeting
  • Disclosure of Records
  • Special Exclusions for IDAs and EDAs
Questions?

Thank you for your time!

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