

U.S. DEPARTMENT OF THE TREASURY

Press Center



Treasury Announces \$25 Billion in Direct Allocations of Recovery Zone Bonds

6/12/2009

To view or print the PDF content on this page, download the free [Adobe® Acrobat® Reader®](#).


TG-168

New Program to Help State, Local Governments Finance Economic Development

WASHINGTON--As part of the Obama Administration's efforts to stimulate economic growth and jumpstart the availability of financing critical for economic recovery, the U.S. Treasury Department announced \$25 billion in bonds authority available under the Recovery Zone Bonds program. Created by the American Recovery and Reinvestment Act (Recovery Act), Recovery Zone Bonds are targeted to areas particularly affected by job loss and will help local governments obtain financing for much needed economic development projects, such as public infrastructure development.

"Creating the conditions for economic recovery requires addressing the challenges facing state and local governments," said Treasury Secretary Tim Geithner. "State budgets have been scaled back and local services cut at a time when they are most needed. Turning things around requires innovative strategies, which is what the Recovery Act has provided in the form of the Recovery Zone Bonds. The new financing tools provided by Recovery Zone Bonds will help state and local governments obtain the funds needed to revitalize our communities."

The Recovery Act included \$25 billion for two new types of Recovery Zone Bonds – \$10 billion for Recovery Zone Economic Development Bonds and \$15 billion for Recovery Zone Facility Bonds. Recovery Zone Economic Development Bonds are one type of taxable Build America Bond that allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy, for 45 percent of the interest, to finance a broad range of qualified economic development projects, such as job training and educational programs. Recovery Zone Facility Bonds are a type of traditional tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects.

To make this program as easy as possible for state and local governments to administer and use, the Treasury Department has also detailed the bond volume cap allocations at the local level for counties and large cities. The total state allocations and the complete list of direct county and large city allocations can be found [here](#) .

