

U.S. DEPARTMENT OF THE TREASURY

Press Center



U.S. Treasurer, Dallas Mayor Tout Benefits of Build America Bonds Program

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Dallas Using \$1.9 Billion in Build America Bonds for Convention Center, Mass Transit and Hospital Construction, Saving Taxpayers \$490 Million and Creating More Than 50,000 Jobs, According to Local Estimates; North Texas Using Nearly \$3 Billion for Local Infrastructure Proj

DALLAS – As part of the Obama Administration's efforts to highlight the local impact of economic stimulus programs, U.S. Treasurer Rosie Rios met with Dallas Mayor Tom Leppert today at the Omni Dallas Convention Center Hotel construction site to highlight the use of Build America Bonds in North Texas infrastructure projects. The Build America Bonds program has provided \$64 billion in low-cost borrowing to date for state and local governments across the country, including almost \$3 billion in North Texas.

"With the Recovery Act's bond programs, the federal government has emerged as a strong partner in revitalizing state and local communities struggling with tight budgets," said Rios. "By providing much needed access to financing and low-cost borrowing, Build America Bonds have already helped hundreds of communities fund the development of schools, hospitals, and other public projects. These bonds give city and state governments the access to funds needed to jumpstart infrastructure projects that will create jobs, improve neighborhoods, and provide our children with the quality education they deserve."

A new financing tool created by the American Recovery and Reinvestment Act of 2009 (Recovery Act), Build America Bonds allow state and local governments to obtain much needed funding at lower borrowing costs. The city of Dallas issued \$388 million in Build America Bonds for the construction of the 1,000-room Omni Dallas Convention Center Hotel. According to city estimates, this project will create an estimated 3,000 temporary construction jobs and 800 permanent jobs and save taxpayers \$150 million through the use of Build America Bonds.

Other local agencies using this tool include the Dallas County Hospital District, which issued \$680 million in Build America Bonds to support the construction of the new Parkland Hospital campus, which will save taxpayers an estimated \$120 million over the course of the project, according to hospital estimates. In addition, Dallas Area Rapid Transit (DART) sold \$829.6 million in Build America Bonds as part of a \$1 billion bond sale to help fund construction of 48 new miles of light rail. The use of Build America Bonds by DART will save taxpayers \$220 million, and the DART Rail expansion, between 2007 and 2014, is estimated to yield a \$5.6 billion economic impact and create 47,760 jobs, according to DART estimates.

"When the municipal credit market froze last year, these bonds allowed us to make a critical investment in our community," said Dallas Mayor Tom Leppert. "As a complement to the historical tax exempt municipal bond market, the Build America Bonds provided a new avenue for infrastructure financing to not only provide jobs but also build local communities."

Through continued outreach efforts, Treasury aims to provide accessible forums for officials to learn how these bonds can help their communities. Last month, Treasury hosted webinars for local officials responsible for public financing plans, including state treasurers and municipal and county level officials. Treasury plans to continue its outreach effort to include mayors, transit authorities, and other groups that could benefit from issuing Build America Bonds.

Under the Build America Bonds program, the Treasury Department makes a direct payment to the state or local governmental issuer in an amount equal to 35 percent of the interest payment on the Build America Bonds. Between the program launch on April 3, 2009 and January 1, 2010:

- There have been \$64 billion in Build America Bond issuances;
- Build America Bonds now constitute about 22 percent of the municipal bonds market; and
- There have been a total of 779 separate issues of Build America Bonds by local or state governments in 45 states.*

North Texas benefits from the following additional Build America Bonds issuances:

- \$825 million for the North Texas Tollway Authority;
- \$110 million for the North Texas Municipal Water District;
- \$87 million for the Plano Independent School District; and
- \$58 million for Carroll Independent School District.

In addition, Dallas City and Dallas County have received a combined total of \$54 million in allocations for Recovery Zone Economic Development Bonds under the Recovery Act. Targeted for areas particularly affected by job loss, these Recovery Zone Bonds provide a steeper federal subsidy of 45 percent of the bond interest.

* Source: Bloomberg data and Department of Treasury calculations

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