



ECONOMIC DEVELOPMENT INCENTIVES

The American Recovery and Reinvestment Act of 2009

On February 17, President Obama signed The American Recovery and Reinvestment Act (ARRA) of 2009. This law includes economic development opportunities that may impact your business. For more information, please contact First Advantage at 800.669.6005 or e-mail tax@fadv.com.

Industrial Development Bond Financing – Temporarily expands the definition of manufacturing facility to include facilities used in the creation or production of intangible property or facilities that are functionally related and subordinate to a manufacturing facility, if located on the same site as the manufacturing facility. Also removes the 25% net proceeds restriction from bonds issued to finance such facilities. Applies to obligations issued between February 17, 2009 and January 1, 2011.

Recovery Zone Economic Development Bonds – Authorizes counties and large municipalities in states impacted by declining employment to issue \$10 billion in recovery zone economic development bonds. The bonds must be used for economic development purposes, such as construction of public facilities and infrastructure or job training and educational programs. \$15 billion is authorized for recovery zone facility bonds. Applies to obligations issued after February 17, 2009.

New Markets Credit – Expanded to increase the maximum amount of qualified equity investments from \$3.5 billion to \$5 billion for calendar years 2008 and 2009.

Tribal Bonds – Allows Indian Tribal Governments to issue tax exempt bonds for economic development projects without the essential government function restriction. The bonds do not apply to the financing of Class II or III gaming facilities, including casinos. Effective for obligations issued after February 17, 2009.

About First Advantage Tax Consulting Services

First Advantage Tax Consulting Services develops and implements strategies to reduce your tax liabilities, including the Work Opportunity Tax Credit and other employment-related incentives, location-based credits and grants, training grants, and economic incentive services.

This information is intended to provide a brief synopsis of recent developments in federal and state tax credits and incentives and is intended to be informational only. Because the matters described above are complicated in nature, the reader should seek appropriate legal or other professional outside counsel for a more complete explanation prior to acting on the information contained within this document. Any advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under applicable federal, state or local tax law.