

## A Win for Small Manufacturers

On Friday, September 21<sup>st</sup> 2018, Governor Brown signed Assembly Bill 1547. Authored by Assemblymember Sharon Quirk-Silva, AB 1547 eliminates the California Industrial Development Financing Advisory Commission (CIDFAC) and, as a result, removes a barriers for small-to-medium size manufacturers trying to access low cost financing.

Throughout CIDFAC's existence, manufacturers and economic developers have expressed that CIDFAC was problematic because it subjected manufacturers to an expensive duplicative review process to access Industrial Development Bonds (IDB).

Originally, CIDFAC was created at a time when there was high volume of IDB projects and oversight over local industrial development authorities was deemed to be necessary to effectuate the State's goals.

However, recently, issuers and banks have increased their level of knowledge of IDBs and financing. In addition, attorneys and financial advisors provide all the necessary information to educate borrowers on federal tax requirements and State allocation requirements of IDBs. Also, the California Debt Limitation Allocation Committee (CDLAC) has implemented more definitive criteria in awarding of volume cap allocation. As a result, CIDFAC has become increasingly less relevant.

Since AB 1547 has been signed into law, manufacturers can now access financing tools more easily and build facilities faster at a lesser cost than as previously administered under CIDFAC. With this barrier removed, the number of manufacturers using IDB financing to grow in California might grow.

Gurbax Sahota, the President & CEO of CALED, said that "abolishing CIDFAC sends a strong message that California cares about manufacturing and wants to see manufacturers grow and locate here."

Thank you to the leadership of Assemblywoman Quirk-Silva (D-Orange County) and California State Treasurer John Chiang for their work on this bill as well as Governor Brown for approving this bill. We would also like to thank partners and members like East Bay Economic Development Alliance, the California Finance Municipal Finance Authority, the California Enterprise Development Authority, and others who have helped support this bill over time.