

## SENIOR PRACTICE MEMBERS

IDA & Municipal Development Incentives attorneys at RMF work closely with other critical disciplines within the firm, such as our Corporate, Real Estate and Financial Services Departments, to meet the needs of our clients in an efficient and productive manner.

This multidisciplinary, team-based approach enables us to communicate constantly with our clients, ensuring they are apprised of progress and developments every step of the way. By managing matters efficiently, cases are appropriately staffed to meet the task at hand.

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For more than 40 years, Ruskin Moscou Faltischek, headquartered in Uniondale, has built a reputation as one of the region's leading providers of innovative legal services. Its attorneys are practical, experienced advocates who measure their success by their clients' success. Cornerstone groups in all major practice areas of the law are represented at the firm, including corporate & securities, financial services, commercial litigation, intellectual property, health care, real estate, employment and trusts & estates. Through its independent arm, Empire Government Strategies, lobbying services are provided at all governmental levels. Clients include large and mid-sized corporations, privately held businesses, institutions and individuals.



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## IDA & MUNICIPAL DEVELOPMENT INCENTIVES PRACTICE GROUP

- ▶ *Thorough Knowledge*
- ▶ *Hands-On Experience*
- ▶ *Recognized Relationships*
- ▶ *Proven Results*



## OVERVIEW

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The IDA & Municipal Development Incentives Practice Group offers tested expertise and practical knowledge in Industrial Development Agency (IDA) financings, tax credit financings, economic incentives and the use of tax-exempt and taxable bond proceeds by conduit and direct issuers of debt.

An IDA transaction allows a real estate project to be developed with real property tax abatements, sales and use tax exemptions, mortgage recording tax exemptions and, in certain circumstances, with the proceeds of tax-exempt bonds. RMF has successfully represented real estate developers, multinational firms, not-for-profit entities, schools and manufacturers in transactions with IDA and similar economic benefit agencies throughout the United States.

Our proficiency and depth of knowledge is well known throughout the region. As a result, local and regional municipalities regularly consult with us on issues of legislative interpretation.

Additionally, members of our practice group are sought-after as featured speakers at IDA seminars throughout the Northeast.

## FINANCINGS

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Through the use of tax-exempt debt, a project developer can borrow at interest rates significantly below rates charged on conventional debt. The interest rate differential is attributable to a market dynamic whereby an investor will purchase bonds with lower interest rates when the interest earned on such bonds is exempt from income tax. In addition, under the right circumstances, project developers can use variable rate demand obligations with interest rate swap agreements to create fixed rate debt that bears the exceptionally low interest rates of variable rate debt.

We provide advice in the structuring of tax-exempt financings that use variable and fixed rate recovery zone bonds, local development corporation bonds, and standard tax-exempt bonds. In addition, we work with nationally recognized investment bankers and underwriters to prudently structure the use of complex derivative investments to provide stabilized interest rate exposure.

## TAXABLE BONDS AND CONVENTIONAL FINANCINGS

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Not every IDA project is eligible for tax-exempt bond financing under the Internal Revenue Code. When tax-exempt debt is not available, we assist project developers to obtain taxable bond financings or conventional debt. While the interest rates on taxable bonds and conventional debt are higher than tax-exempt debt, there still remains significant savings available to a project developer in a carefully structured IDA transaction.

## ECONOMIC INCENTIVES

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Among the most significant economic incentives we achieve for our clients is the real property tax abatement. With our counsel, project developers have been able to negotiate tax abatement agreements (“PILOT Agreements”) with terms of 10, 15 and 20 years. These agreements can result in savings of real property taxes equaling 50-70% over the term of the agreement. In addition, a carefully negotiated agreement can provide fixed exposure to property taxes, thereby allowing the project developer to budget an expense that has historically been estimated.

The sales and use tax exemption provides a 100% exemption on the cost of all furniture, fixtures and equipment used in a project. With our assistance, project developers have been able to extend the exemption beyond the initial construction period to achieve large-dollar savings.

The mortgage recording tax exemption provides a 100% exemption on the recording tax otherwise due on the principal amount of an obligation secured by a mortgage lien on the project.