**Business Financing in Southwestern Illinois**12

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1. **Southwestern Illinois Development Authority (SWIDA)**SWIDA was created by action of the Illinois General Assembly and the Governor in 1987. Tax-exempt revenue bonds are available through SWIDA but are limited by federal law to selected purposes including not-for-profit organization objectives, pollution control, solid waste facilities, transportation and small issue manufacturing companies. Interest on tax-exempt bonds is exempt from federal income tax, and therefore attracts a much lower rate than conventional financing. SWIDA can also issue taxable revenue bonds for commercial, industrial, and recreational projects that are not eligible for tax-exempt financing. Taxable bond rates generally run two to two and one-half points higher than tax-exempts. Proceeds can be used to purchase land, buildings and equipment, and to construct new or renovate existing facilities. Taxable bonds provide the ability to borrow money for a longer term and at a lower rate of interest than alternative forms of taxable financing.  **The issuance of revenue bonds through SWIDA provides the following benefits:** 
   1. The advantage of longer and more flexible debt repayment periods and lower interest rates than conventional financing;
   2. A moral obligation commitment of the State of Illinois (optional);
   3. The availability of unlimited dollar amounts for project activities with no fixed minimum job creation or capital investment requirements; and
   4. All SWIDA bonds are exempt from state taxation.

SWIDA also administers the Southwestern Illinois Community Development Corporation (SWICDC) which was created to provide “gap” financing at market rates to small businesses when conventional lenders are unwilling to assume 100 percent of the risk of financing or when the small business’ project does not meet with requirements of Madison or St. Clair Counties’ Job Creation Loan Programs. The SWICDC concentrates on small to medium sized businesses that require capital for modernization, physical rehabilitation of their facilities or cash flow to make them more economically viable. The SWICDC will make loans between $50,000 and $500,000 but will not be the primary lender. A private financial institute must lend a majority of the necessary funds and must sponsor the SWICDC loan application.

For more information, contact:

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