INDUSTRIAL REVENUE BONDS

SUPPORTING COMMUNITIES THAT DRIVE LOCAL DEVELOPMENT

Industrial Revenue Bonds (IRBs) are designed to help Wisconsin municipalities support industrial development through the sale of tax-exempt bonds.

HOW IT WORKS

IRBs can be used to stimulate capital investments and job creation by providing private borrowers with access to financing at interest rates that are typically lower than conventional bank loans. The Wisconsin Economic Development Corporation (WEDC) allocates the bonding authority or the volume cap for the program.

ELIGIBLE PROJECTS

IRB financing can be used for building, equipment and land costs, but not for working capital.

Manufacturing includes nearly every type of processing that results in a change in the condition of tangible personal property. Manufacturing does not include activities such as feeding, growing and harvesting live animals. It also does not include the provision of recreational services, wholesaling, retailing or repair services.

Federal tax law imposes other limitations on IRBs. Contact WEDC for further details on these limitations.

QUALIFIED USES

- At least 95 percent of the bond proceeds must be used for the eligible project. No more than 5 percent of the bond proceeds may be used for other expenditures.
- No more than 2 percent of the bond proceeds may be used to pay the cost of issuing the bonds.

APPLY FOR INDUSTRIAL REVENUE BONDS

For more information about the Industrial Revenue Bond Program, contact a Wisconsin Economic Development Corporation (WEDC) regional economic development director or call 855-INWIBIZ toll-free.

You can find the list of regional directors and territories covered at wedc.org/regional.

- No more than 25 percent of net bond proceeds can be used to finance facilities (including land, buildings and equipment) which are directly related and ancillary to the core manufacturing facilities, and these facilities must be subordinate and integral to the core manufacturing activities and located on the same site. These can include short-term warehousing, on-site labs, loading docks or rail spurs, forklifts or similar equipment (not trucks or vans that deliver or distribute the final product) and on-site office space.
- No more than 25 percent of the net proceeds of the bonds may be used for land acquisition.
- No used property can be acquired with bond proceeds, unless substantial rehabilitation is done within two years after the later of the date the property was acquired or the date the bond was issued. Substantial rehabilitation means 15 percent of the amount financed with the proceeds of the bonds for buildings, 100 percent for “structures other than a building”, which essentially means bond cannot be used to acquire used equipment.
- The average maturity of the bonds cannot exceed 120 percent of the weighted average economic life of the project.
- Depreciation of bond-financed property must be straight-line, not accelerated.
- All of the proceeds must be used within a three-year period.