

# SIFMA FACT SHEET

## About Build America Bonds

Build America Bonds (BABs) are new taxable municipal bonds that were authorized under the American Recovery and Reinvestment Act of 2009 (ARRA) that President Obama signed into law on February 17, 2009. Unlike municipal bonds, most of which are tax exempt, BABs are taxable bonds, which means that the interest is subject to taxation. The ARRA allows state and local governments to issue BABs in 2009 and 2010. There weren't any BABs issued in 1Q 2009, so the statistical data and analysis begins in 2Q 2009.

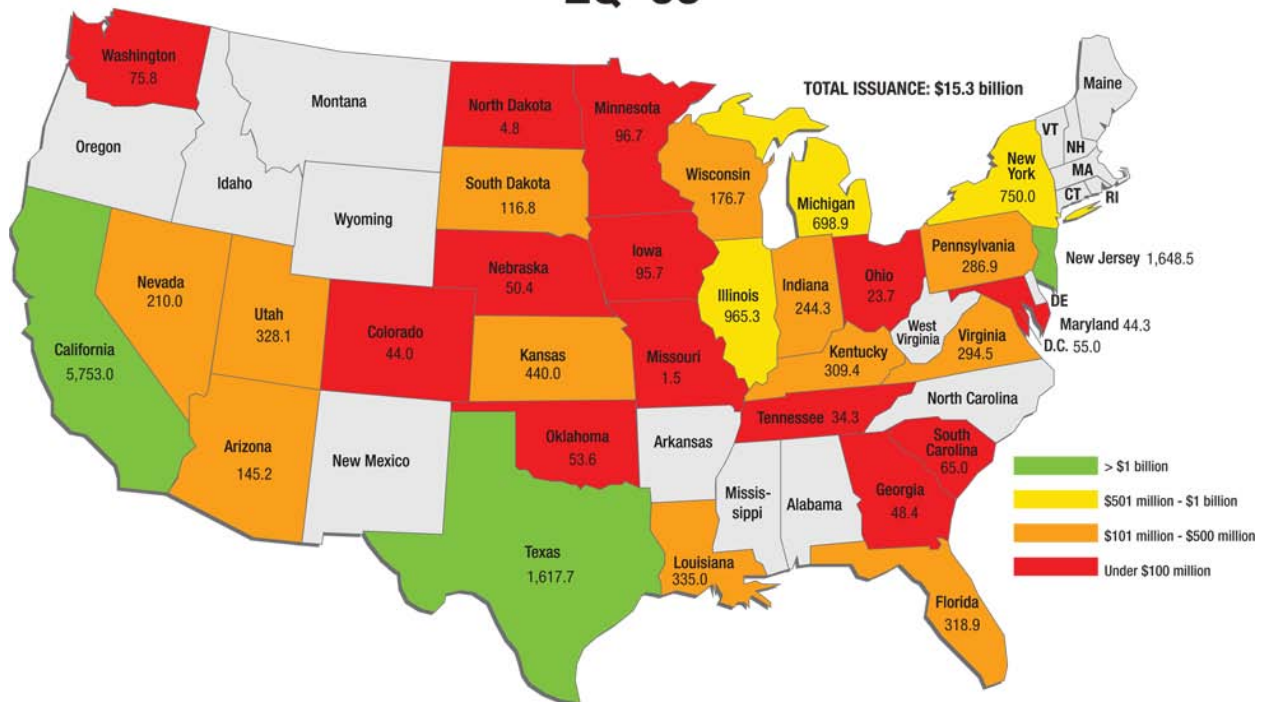
The two types of BABs are:

*Direct Payment* bonds are bonds on which the United States Treasury Department pays state or local government issuers a payment equal to 35 percent of the interest payments on such bonds, which is intended to lower the issuers' cost of funds. Proceeds of direct payment bonds can be used for the most of the same purposes as proceeds of regular tax exempt government bonds except for refundings, working capital or private activity bonds and for 501(c)(3) conduit borrowers.

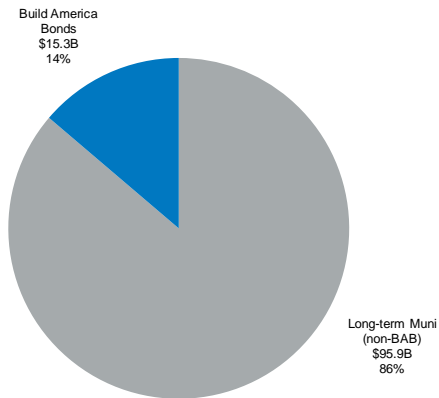
*Tax Credit* bonds are bonds on which the bond holders receive a tax credit equal to the 35 percent of interest on such bonds. The proceeds of tax credit bonds cannot be used for private activity bonds or for 501(c)(3) conduit borrowers. It is widely believed that the tax credits issued by the federal government can be stripped from the underlying bond and traded separately, but this market has not yet developed.

## Statistics

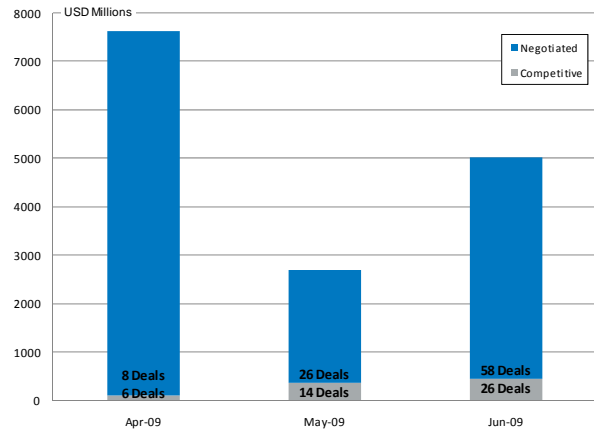
### Build America Bond Issuance By State 2Q '09



## BAB Issuance as a Percentage of Total Muni Issuance, 2Q '09



## Negotiated vs. Competitive BAB Deals 2Q '09



## States by Number of BAB Deals and Deal Size 2Q '09

| State | # of Deals YTD | State | Total Deal Size (\$ Millions) |
|-------|----------------|-------|-------------------------------|
| WI    | 16             | CA    | 5,753.0                       |
| IL    | 16             | NJ    | 1,648.5                       |
| MI    | 12             | TX    | 1,617.7                       |
| CA    | 12             | IL    | 965.3                         |
| MN    | 10             | NY    | 750.0                         |
| IA    | 10             | MI    | 698.9                         |
| KS    | 8              | KS    | 440.0                         |
| KY    | 6              | LA    | 335.0                         |
| AZ    | 5              | UT    | 328.1                         |
| SD    | 4              | FL    | 318.9                         |
| TX    | 4              | KY    | 309.4                         |
| LA    | 4              | VA    | 294.5                         |
| IN    | 3              | PA    | 286.9                         |
| UT    | 3              | IN    | 244.3                         |
| TN    | 2              | NV    | 210.0                         |
| NJ    | 2              | WI    | 176.7                         |
| VA    | 2              | AZ    | 145.2                         |
| SC    | 2              | SD    | 116.8                         |
| FL    | 2              | MN    | 96.7                          |
| PA    | 2              | IA    | 95.7                          |

**Top 15 BAB Deals by Size**

| Deal Name   | State | Size (\$ Millions) |
|---|-------|--------------------|
| California Various Purpose General Obligation Bonds   | CA    | 5,000              |
| NJ Turnpike Authority: Turnpike Revenue Bonds Series 2009 F   | NJ    | 4,166              |
| Dallas Area Rapid Transit Senior Lien Sales Tax Revenue Bonds Taxable Series 2009 B   | TX    | 830                |
| Metropolitan Transportation Authority: Dedicated Tax Fund Bonds 2009C   | NY    | 750                |
| Illinois State Toll Highway Authority Toll Highway Senior Priority Revenue Bonds Taxable 2009 Series A                        | IL    | 500                |
| City of San Antonio, Texas Electric and Gas Systems Revenue Bonds, Taxable New Series 2009C                                   | CA    | 375                |
| Board of Regents of the University of Texas System Revenue Financing System Taxable Bonds, Series 2009B                       | TX    | 331                |
| State of Michigan Grant Anticipation Bonds, Series 2009B  | MI    | 282                |
| Pennsylvania Turnpike Commission Turnpike Revenue Bonds, Series 2009 A  | PA    | 275                |
| New Jersey Transportation Trust Fund Authority Transportation System Bonds 2009 Series B                                      | NJ    | 274                |
| Utah Transit Authority Sales Tax Revenue Bonds, Series 2009B  | UT    | 261                |
| State of Florida Department of Transportation Turnpike Revenue Bonds Series 2009B BAB   | FL    | 255                |
| Rector and Visitors of the University of Virginia Taxable General Revenue Pledge Bonds Series 2009                            | VA    | 250                |
| Commonwealth of Kentucky State Property and Buildings Commission Revenue and Revenue Refunding Bonds, Project No. 95 Series C | KY    | 209                |
| SMUD Electric Revenue Bonds, 2009 Series V  | CA    | 200                |

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