



State of Illinois

SOUTHWESTERN ILLINOIS DEVELOPMENT AUTHORITY

Program Detail

COMMON NAME: SWIDA

LEGAL NAME: Southwestern Illinois Development Authority

PROGRAM TYPE: Financing Program

FUNDING LIMITS: \$2,000 TO \$100,000,000

TYPE OF BENEFITS: Financing through the sale of both taxable and tax-exempt bonds

DESCRIPTION OF BENEFITS: SWIDA is a special-purpose governmental unit created and designed to catalyze economic development through financing, technical assistance and development.

FINANCING – offers financing through the sale of taxable and tax-exempt bonds, loans for land acquisition, gap financing and micro loans.

- **Bonds** – SWIDA issues Industrial Revenue Bond (IRB) financing involves the issuance of “tax-exempt” or “taxable” bonds to finance manufacturing, distribution, commercial, office or research facilities and/or equipment to be owned or used by a company. Federally tax-exempt IRB’s are now available to assist manufacturing businesses, qualified non-profit entities, various “exempt facilities” such as airports, ports, and industrial sewage and solid waste facilities. Benefits of issuing debt through SWIDA include: exemption from both federal and state income taxes, creative financing options, quick turn-around time, long term loan, typically 15-20 years, and an interest rate 1 -2.5% below conventional rates.
- **Gap Financing** – Southwestern Illinois Community Development Corporation (SWICDC) makes gap financing available to for-profit, small businesses when conventional lenders are unwilling to assume 100% of the risk of lending or who do not meet county CDBG loan requirements for job creation. Interest rates float above prime with the specific rate subject to negotiation.

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- **Micro Loans** – provides loans from \$2,000 to \$25,000 to start-up, newly established, or growing small businesses. Interest rates floats at prime plus 3.5% and the terms are up to three years, with authorization up to seven years.

ELIGIBLE GEOGRAPHIC AREA: Illinois Counties of: Bond, Clinton, Madison and St. Clair

ELIGIBLE BUSINESS TYPES:

- Bonds – any unit of local government that is entitled to issue debt obligations under Illinois law is permitted to issue its debt obligations through SWIDA. Qualified local government units include counties, townships, municipalities, schools and fire protection, sanitary, park and other special purpose districts.
- Gap Financing – loan criteria includes companies that: have significant potential for growth in sales, profits, and new jobs; have been in operation for at least a year; can borrow some portion of their needs from a member bank; are in the manufacturing or service industries (retail can be considered, but not restaurants or bars).

BENEFITS ELIGIBILITY REQUIREMENTS:

Revenue bond proceeds can be used to finance: construction of a new facility, construction of an expansion to an existing facility, the purchase of land with some limitations, production-related equipment, and certain costs of issuance. *Neither inventory nor working capital can be financed with bond proceeds.* Projects range from \$800,000 to \$40 million.

Gap financing can be used for: property acquisition, construction, leasehold improvements, equipment, inventory, and working capital. Loans will be secured by a first or second position on real or personal property, by personal note of guarantee, or a combination of the two. Loan limits are between \$50,000 and \$500,000.

Micro loans: applicants must be referred by the SIUE Small Business Development Centers (SBDC) at East St. Louis and Southern Illinois University at Edwardsville.

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INTERNET LINKS:

State of Illinois Business Portal: <http://business.illinois.gov>

Southwestern Illinois Development Authority: www.swida.org