

CREATION OF LOCAL DEVELOPMENT CORPORATIONS TO PROVIDE FOR NONPROFIT TAX-EXEMPT FINANCING

Following the expiration of the provisions of the New York State General Municipal Law authorizing industrial development agencies to issue bonds to assist nonprofit corporations in financing capital projects, attorneys at Hodgson Russ developed a financing structure using locally created local development corporations (LDCs) to fill the void. As part of the LDC structure developed by the Hodgson Russ attorneys, we were successful in obtaining a private letter ruling from the Internal Revenue Service confirming our structure and providing that bonds issued by the LDCs would be eligible for exemption from federal income taxation.

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