

U.S. Treasury Releases New Guidelines For \$1.8 Billion TED Bonds

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On July 16, 2012, the **U.S. Treasury Department** issued new guidelines for reallocating the approximately \$1.8 billion remaining in **Tribal Economic Development Bonds (TEDB.)** Originally established by the American Recovery and Reinvestment Act in 2009, TEDBs gave Indian tribal governments the authority to issue up to \$2 billion in tax exempt bonds. Previously, bonds could only be issued for government buildings; the new guidelines are more flexible, broadening the scope of activities that qualify in hopes of spurring job creation and promoting economic growth in Indian country. TEDBs can now be used for a number of projects, including entertainment venues, energy plants, and hotels. However, no portion of the proposed bonds may be used for gaming purposes.

The maximum allocation for each individual tribe is 20% of the remaining \$1.8 billion balance, or about \$360 million. When the authority reaches a \$500 million balance, the percentage will no longer apply and the allocation cap will reduce to a maximum of \$100 million per tribe. Under the original guidelines, the maximum allocation was only \$30 million per tribe.

According to John Cross, associate tax legislative counsel with the Treasury's Office of Tax Policy, the most significant change in the guidelines is the emphasis placed on having the project ready to develop and a financing plan in place before applying. Tribes will only have 180 days to issue the proposed bonds after receiving an allocation or risk forfeiting the allocation entirely.

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National Law Review, Volume II, Number 247

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