

amounts have not been large except in one or two instances. The purposes for which the funds were made available have also been limited to (1) industrial loan funds, and (2) school facility loan funds.

INDUSTRIAL LOAN FUNDS

As part of their effort to encourage industry, some States have established State loan and loan guarantee programs. Fourteen States² have varying types of such programs whereby loans are extended to industry under varying circumstances (Alaska, Georgia, Hawaii, Kentucky, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, West Virginia, and Wyoming). The program is quite new in Ohio and comparatively so in New Jersey and New York. Most of the experience has been in 11 States with Pennsylvania beginning the program in 1956. In 1963, some \$60 million³ of long-term loans for industry, primarily in depressed areas, had been made. In 1965, this amount had risen to \$151⁴ million largely because of activity in New York and Pennsylvania.

Although more States may make direct industry loans as one of the approaches to attract or encourage industry, or may do as some have by merely guaranteeing such loans, it is unlikely that the total made available in this manner will loom large. The alternative approach of financing industrial plants either through general obligation bonds or revenue bonds issued by local governments, appears to be utilized more frequently at the present time.

SCHOOL FACILITY LOAN FUNDS

While most States have taken a direct approach to aid local schools to finance both operating and capital outlay expenditures through grants in aid, 16 States have also authorized loan programs⁵ to aid financing capital facilities by local schools. In two of these instances (Michigan and New York), funds are loaned to local school districts to meet debt service obligations on State-approved building projects. In the other 14 instances (Arkansas, California, Hawaii, Illinois, Indiana, Maine, Maryland, Minnesota, North Carolina, North Dakota, Ohio, Virginia, Wisconsin, and Wyoming), loans are provided for capital outlay. In some instances, the programs do not appear to have been activated although authorized—Indiana, Minnesota, Ohio, and Wyoming—and in others—Maine and North Carolina—they have been limited in extent or amount. In at least two instances, California and Maryland, funds for the program have been obtained by the State borrowing through the sale of bonds and then loaning the amounts to the school district requiring loan assistance.

² "New War Between the States," *New England Business Review*, December 1963; Advisory Commission on Intergovernmental Relations, "Industrial Bond Financing," pp. 77-85.

³ *New England Business Review*, Federal Reserve Bank of Boston, December 1963, p. 4.

⁴ "Industrial Financing Facts on the 50 States," *Industrial Development and Manufacturers Record*, October 1965, p. 39.

⁵ Office of Education, U.S. Department of Health, Education, and Welfare, "Financing Public School Facilities," 1959, pp. 170-198.