

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Philip H. Mendelson
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: September 10, 2012

SUBJECT: Fiscal Impact Statement – “Fiscal Year 2013 Income Tax Secured Revenue Bond and General Obligation Bond Issuance Approval Resolution of 2012”

REFERENCE: Draft resolution shared with the Office of Revenue Analysis on September 7, 2012

Conclusion

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill.

Background

The proposed resolution authorizes the District to issue and sell income tax secured revenue bonds and general obligation bonds in the combined amount of approximately \$873 million in Fiscal Year 2013. The proceeds of the bonds would be used to fund the capital projects outlined in the resolution, as well as the costs and expenses associated with the bond issue and sales, allowable under District laws.¹

Additionally, the proposed resolution would authorize the District to issue income tax secured revenue bonds in the principal amount not to exceed \$45,000,000 to refund the District of Columbia PILOT Revenue Bond Anticipation Notes Series 2010 (BANs) in the principal amount of \$29,000,000 issued by the District in March 2010 and maturing on December 1, 2012, and to fund additional public improvements in and around the Capper/Carrollsbury PILOT Area.² Once the income tax secured revenue bonds would be issued, the properties in the Capper/Carrollsbury

¹ See D.C. Official Code, §47-340.30(f) and § 47-335.01.

² These include the Improvement Parcels designated pursuant to D.C. Official Code § 47-461.

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FIS: "General Fiscal Year 2013 Income Tax Secured Revenue Bond and General Obligation Bond Issuance Approval Resolution of 2012" Draft resolution shared with the Office of Revenue Analysis on September 7, 2012.

PILOT area would no longer be exempt from real property taxes and the debt service on the Capper/Carrollsborg improvements will no longer be funded by PILOT revenues.

Financial Plan Impact

Funds are sufficient in the FY 2013 through FY 2016 budget and financial plan to implement the bill. The capital projects that would be funded through the proposed \$873 million borrowing are already accounted for in the FY 2013 through FY 2018 Capital Improvements Plan, and the District's projected debt service on long-term bonds.

Although it is funded by short term Bond Anticipation Notes, the debt service for the Capper/Carrollsborg project is included in debt calculations as long term borrowing. Additionally, refunding the BANs with income tax secured revenue bonds is likely to reduce the District's borrowing costs for this project.