

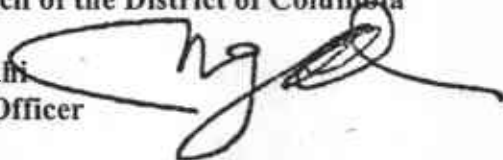
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAY -6 2005

SUBJECT: Fiscal Impact Statement: "Qualified Zone Academy Revenue Bond Project Forward Commitment Approval Act of 2005"

REFERENCE: Approval of Bill to be Introduced – No Number Available

RECEIVED
2005 MAY -6 PM 3:42
CHIEF OF CROPP

Conclusion

Funds are sufficient in the proposed FY 2006 budget and the proposed FY 2006 through 2009 budget and financial plan to implement the provisions of the proposed title. The title creates statutory authority to issue Qualified Zone Academy Revenue Bonds by resolution up to the amount allocated to the District by the U.S. Treasury. The CFO would issue a fiscal impact statement for each bond issuance before introduction of such a Council resolution.

Background

The proposed title grants authority to the Council to provide for the issuance, sale and delivery of Qualified Zone Academy Revenue Bonds. These bonds are special obligation, non recourse bonds issued to support capital and other improvements to qualified public or public charter schools in the District of Columbia. Interest on the bonds is repaid through federal tax credits, and tax credit allocations are received annually by the District from the US Department of Treasury. Principal is repaid at the end of the bond term through a designated account that has been funded over time through a portion of available real estate taxes, payments in lieu of taxes and interest accrued in such designated account.

The proposed bill would enable Council to approve these revenue bond issuances by resolution for up to the amount allocated by the U.S. Treasury Department through the QZAB allocation

process. The District has received between \$890,000 and \$1,200,000 each year in tax credit allocation for the past five years. Credits can be rolled over for up to two years, which allows the District to reduce its bond issuance costs by issuing one cumulative bond ever three years.

Financial Plan Impact

Funds are sufficient in the proposed FY 2006 budget and the proposed FY 2006- FY 2009 budget and financial plan to implement the provisions of the proposed title. This title gives forward commitment to approve by resolution, rather than by statute, each QZAB. These bond resolutions would require fiscal impact statements prior to being introduced. No additional staff or resources will be required.