

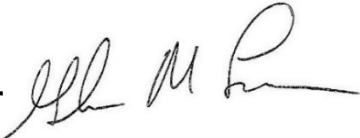
Government of the District of Columbia  
Office of the Chief Financial Officer



Glen Lee  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Glen Lee  
Chief Financial Officer 

**DATE:** February 10, 2023

**SUBJECT:** Fiscal Impact Statement – General Obligation Bonds and Bond  
Anticipation Notes for Fiscal Years 2023-2028 Authorization Act of  
2023

**REFERENCE:** Bill 25-0004, Draft Committee Print as provided to the Office of  
Revenue Analysis on February 9, 2023

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**Conclusion**

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill.

**Background**

The bill authorizes the District to issue general obligation bonds (“GO Bonds”) and general obligation bond anticipation notes (“BANs”) to finance planned capital projects and, as necessary, refund existing debt during fiscal years 2023 through 2028. The bill allows the District to issue these bonds from time to time, in one or more series, in an aggregate principal amount not to exceed \$6.4 billion.

The District’s fiscal year 2023 through fiscal year 2028 Capital Improvements Plan includes \$6.3 billion in planned borrowing using a combination of GO Bonds and Income Tax Revenue Bonds (IT Bonds).<sup>1</sup> The Chief Financial Officer decides to issue various types of bonds depending on market conditions at the time of issuance. The bill, along with additional annual issuance resolutions<sup>2</sup>, will

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<sup>1</sup> See table CA-3 in the District of Columbia FY 2023 – FY 2028 Capital Improvements Plan for a breakdown of capital funding sources. (<https://cfo.dc.gov/budget>).

<sup>2</sup> See, e.g., Fiscal Year 2023 Income Tax Secured Revenue Bond, General Obligation Bond and General Obligation and Income Tax Secured Bond Anticipation Note Issuance Authorization Emergency Approval Resolution of 2022, approved Sept. 20, 2022 (Res. 24-611; 69 DCR 11638).

The Honorable Phil Mendelson

FIS: Bill 25-0004, "General Obligation Bonds and Bond Anticipation Notes for Fiscal Years 2023-2028 Authorization Act of 2023", Draft Committee Print as provided to the Office of Revenue Analysis on February 9, 2023

provide the needed authority to finance new capital improvements incorporated into the current budget and financial plan.

The District of Columbia Home Rule Act<sup>3</sup> permits proceeds from notes or bonds issued by the District of Columbia to be used for:

- Payment of the cost of acquiring, undertaking, or refinancing capital projects described for general governmental and enterprise purposes;
- The reimbursing of amounts temporarily advanced from the General Fund of the District of Columbia, any enterprise fund, or other fund or account of the District;
- The refunding of outstanding debt, including, but not limited to, any treasury advances and any notes issued pursuant to section 475 of the Home Rule Act; and
- The payment of the costs and expenses of preparation, execution, issuance, sale or delivery of, or security for, the bonds and notes, including the payments of contracts or agreements necessary and appropriate for issuing and delivering the bonds (such as underwriting, agency rating fees, legal fees, accounting fees, financial advisory fees, bond insurance and other credit enhancements, liquidity enhancements, printing costs and expenses, capitalized interest, establishment of debt service or other reserve funds related to the bonds, the payment of costs of contracts and the payment of other debt program related costs as provided in the contracts or agreements related thereto).

The bill specifies types of capital expenditures towards which the bond proceeds can be used, the process through which the bonds are issued, paid, or refunded, how District revenues are used for debt service, and the events and consequent remedies in case of default.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The \$6.4 billion additional borrowing authorized by the bill is consistent with the planned capital expenditures in the District's FY 2023-2028 Capital Improvements Plan, which includes \$6.3 billion of planned borrowing. The \$6.4 billion borrowing authorization would support the planned borrowing and some additional refunding of existing debt.

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<sup>3</sup> Approved December 24, 1973 (87 Stat. 774; D.C. Official Code § 1-201.01 et seq).