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

Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Vincent C. Gray** **Chairman, Council of the District of Columbia**
FROM:	**Natwar M. Gandhi** **Chief Financial Officer**
DATE:	**January 29, 2010**
SUBJECT:	**Fiscal Impact Statement: "Fiscal Year 2010 Income Tax Secured Revenue Refunding Bond Issuance Approval Resolution of 2010"**
REFERENCE:	**Draft Resolution – No Bill Number Available**

Conclusion

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed resolution.

Background

The proposed resolution would authorize the District to issue up to $950,000,000 of income tax revenue refunding bonds to restructure the District's debt portfolio by refinancing existing general obligation debt. The resolution would also allow the District to pay for costs associated with the issuance of these bonds and the consequent debt restructuring through the proceeds of the proposed bond issue.

Financial Plan Impact

Funds are sufficient in the FY 2010 through FY 2013 budget and financial plan to implement the proposed resolution.

The Income Tax Secured Bond Authorization Act of 2008[1] (the "Income Tax Bond Act") authorized the issuance of up to $2.919 billion of bonds payable from and secured by individual

[1] Effective October 22, 2008 (D.C. Law 17-254; D.C. Official Code § 47-340.26 *et seq.*).

income tax and business franchise tax revenues. Since the enactment of the Income Tax Bond Act, the District has issued five series of such bonds for a total of $1.703 billion. Thus, sufficient authority exists to issue the proposed bonds.

This proposed bond issue will refinance existing general obligation debt and can be accommodated within the 12 percent debt cap.[2]

[2] This cap is established by Limitation on Borrowing and Establishment of the Operating Cash Reserve Act of 2008, effective on March 25, 2009 (DC L17-0360; DC Official Code 47-335.02.), which requires that debt service on all District bonds in the fiscal year the bonds are issued, or any of the three succeeding fiscal years, not to exceed 12 percent of General Fund expenditures in the applicable fiscal year.