

February 27, 2002

Council of the District of Columbia

ROUNDTABLE ON "TAX INCREMENT FINANCING AMENDMENT ACT OF 2002" AND
"DISTRICT OF COLUMBIA TAX INCREMENT REVENUE BOND DOWNTOWN TIF AREA BASE
YEAR EMERGENCY APPROVAL RESOLUTION OF 2002"

**Testimony of Dr. Julia Friedman, Deputy Chief Financial Officer for
Research and Analysis, before the Committee on Finance and Revenue**

Good morning, Mr. Chairman and members of the Committee. I am Julia Friedman, Deputy Chief Financial Officer for Research and Analysis. I am pleased to appear before you today to present testimony on Bill 14-553, the "Tax Increment Financing Amendment Act of 2002," and Resolution 14-549, the "District of Columbia Tax Increment Revenue Bond Downtown TIF Area Base Year Emergency Approval Resolution of 2002."

The Office of the Chief Financial Officer has reviewed this legislation, and it has no fiscal impact. It does, however, allow the District to sell the TIF bonds for the two downtown TIF area projects.

The legislation would change the "base year" for purposes of calculating tax increment revenue from calendar year 2000 to fiscal year 1999. This will ensure that the \$15 million reserve will be available if needed to repay debt service on the bonds each year. Based on projections from our independent consultants, we expect the projects to be self-supporting and do not expect to have to use the reserve fund. The legislation also allows for a re-calculation of the base year revenues if it is needed.

The Office of the Chief Financial Officer expects to proceed to the market with the TIF bonds within the next month. Work has already begun at the Gallery Place site. I will be pleased to answer any questions you have.